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economic analysis of north american ski areas 1988-1989

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Business Research Division
Graduate School of Business Administration
University of Colorado at Boulder
Boulder, Colorado

UNITED SKI INDUSTRIES ASSOCIATION

ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS

by

C. R. Goeldner, T. A. Buchman, C. E. DiPersio, and G. S. Hayden

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ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS
1988 - 89

EXECUTIVE SUMMARY

This 1988-89 survey is the twenty-first economic report to the ski industry. Measured by skier visits, the respondents to this survey reported total skier visits of 31.9 million compared with the 1988-89 NSAA/USIA End of Season National Business survey estimated total of 53.3 million skier visits for the nation. This means the respondents to this survey received 59.8 percent of the skier visits in the nation in 1988-89. If the balance of the areas had similar experiences, the ski industry processed gross revenues of $1.83 billion and provided payrolls (direct labor) of $377.3 million.

This report follows the format of the previous reports to increase comparability and standardize measurements. (Although some table numbers have been changed for clarity, both the nature and the order of the tables remain the same. Except for the insertion of an occasional additional line of computation or of table notes, the information presented in each table is unchanged.)

Response

The 1988-89 survey is based on complete and detailed financial data from 138 ski areas, the same as the 1987-88 study.

Profitability

The ski industry recorded an average 8.4 percent operating profit (profit before income tax and interest expense) as a return on gross fixed assets, up from the 6.8 percent in 1987-88, and the 4.9 percent in 1986-87. Seventy-six percent of the respondents reported operating profits, which is less than the 83 percent in 1987-88 but comparable to the 75 percent in 1986-87. The average before-tax profit was $701,000, up substantially from the average before-tax profit of $368,000 in 1987-88 and the $120,000 recorded in 1986-87.

Utilization

Utilization remained relatively constant at 32.7 percent. Equivalent days/nights of operation were down slightly to 125 from 127 in 1987-88, and the same as 1986-87.

Revenue

Average revenue per skier visit increased 8.5 percent to $22.50. Average total revenue from Table 26 was up 10.9 percent to $5,658,000.

Average adult weekend day ski lift prices were up 7.2 percent to $25.03.

Expenses

Cash operating costs averaged $5.32 per skier capacity per equivalent operating day/night. This critical measure is virtually the same as in 1987-88, when it was $5.28. Direct operating expenses were up 7.8 percent. Insurance costs decreased for the first time in four years. The decline was 6.5 percent for the average area.

Summary

HIGHLIGHTS AT A GLANCE

	1988-89 Respondents (000)	By Profitability		
		Top Half (000)	*Bottom Half (000)*	*Loss (000)*
Gross Fixed Assets	*$13,842*	*$14,123*	*$15,866*	*$10,146*
Total Gross Revenue	*$ 7,951*[a]	*$ 10,284*	*$ 7,864*	*$ 4,417*
Operating Expenses	$ - 6,788	$ - 7,938	$ - 6,864	$ - 4,858
Operating Profit (Loss)	*$ 1,163*	*$ 2,346*	*$ 1,000*	*$ (441)*
Interest	$ 461	$ 482	$ 516	$ 341
Profit (Loss) before Tax	*$ 701*	*$ 1,864*	*$ 484*	*$ (782)*
Number of Respondents	138	52	53	33

[a] From Table 24

The 1988-89 ski season continued to show improvement in economic performance as critical indicators continued their path in the right direction. In many ways, the performance was remarkable, because it occurred despite of a snow drought in the East. The industry recorded an average 8.4 percent operating profit (profit before income tax and interest expense) as a return on gross fixed assets, up from 6.8 percent in 1987-88 and 4.9 percent in 1986-87. Dollar profits before taxes were up dramatically at $701,000 compared to $368,000 in 1987-88 and to $120,000 in 1986-87. While additional improvement still needs to be made, these indicators have made substantial improvement in the last two years, and, hopefully, the trend will continue. These gains take on added value when one considers that operating days and skier visits were slightly below the previous season (125 versus 127 and 53.7 million versus 53.3 million) and that the East had a snow drought.

Seventy-six percent of the respondents reported operating profits. Operating profit was up, average profit before tax was up, revenue was up, average revenue per skier visit was up, utilization was steady, and operating expenses were relatively steady.

The top profit areas continue to perform well above the industry averages. The top profit areas recorded an average profit before taxes of $1,864,000, up from $1,428,000 in 1987-88. Operating profit on GFA was 16.6 percent. See Chapter V for more detail on profitability.

All of the regions recorded an operating profit and a profit before tax. The Northern Rockies recorded the best performance, with operating profit as a percent of GFA at 12.7 percent. California and Nevada recorded the largest dollar profits before taxes, with $1,369,000. For more details on the regions, see Chapter VII.

THE SKI AREA DOLLAR

The following table and pie charts illustrate the sources and the uses of the ski area customer's dollar for the 1988-89 season.

THE SKI AREA DOLLAR

	1988-89 Season	1987-88 Season	1986-87 Season	1985-86 Season	1984-85 Season
What It Buys					
Ski Lift Tickets	$0.544	$0.529	$0.547	$0.516	$0.510
Ski Lessons	0.059	0.059	0.058	0.057	0.060
Food and Beverages	0.120	0.122	0.126	0.113	0.110
Ski Equipment and Clothing	0.043	0.045	0.042	0.039	0.040
Rental of Equipment	0.038	0.041	0.041	0.035	0.030
Miscellaneous (Winter)	0.065	0.063	0.061	0.056	0.050
Summer Services[a]	0.079	0.062	0.069	0.071	0.080
Real Estate	0.052	0.079	0.056	0.113	0.120
Total	***$1.000***	***$1.000***	***$1.000***	***$1.000***	***$1.000***
What It Pays For					
Labor (Payrolls)[b]	$0.243	$0.238	$0.250	$0.242	$0.240
Utilities, Supplies, Maintenance, Etc.[c]	0.169	0.166	0.175	0.185	0.170
Cost of Goods Sold	0.092	0.113	0.109	0.149	0.130
General and Administrative	0.107	0.106	0.110	0.109	0.110
Depreciation	0.093	0.101	0.112	0.103	0.110
Interest	0.058	0.059	0.068	0.066	0.060
Advertising/Marketing	0.052	0.052	0.055	0.051	0.050
Insurance	0.047	0.055	0.056	0.042	0.030
Land Use Fees	0.017	0.017	0.015	0.017	0.020
Property and Other Taxes	0.015	0.017	0.016	0.018	0.020
Miscellaneous	0.018	0.036	0.024	0.010	0.020
Income Taxes (50%)	0.044	0.020	0.005	0.004	0.020
Profit (50%)	0.044	0.020	0.005	0.004	0.020
Total	***$1.000***	***$1.000***	***$1.000***	***$1.000***	***$1.000***

[a] Includes summer season plus utility department and miscellaneous.

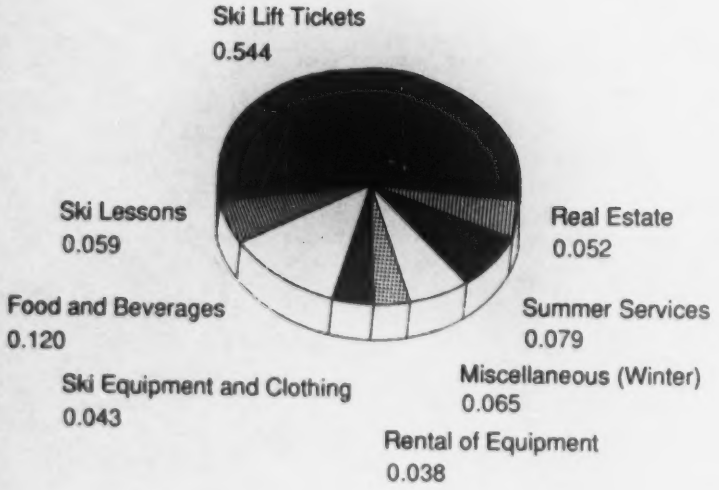
[b] Includes direct labor, snowmaking labor, and payroll taxes.

[c] Includes other direct property operations, snow removal, and snowmaking—power, maintenance, other.

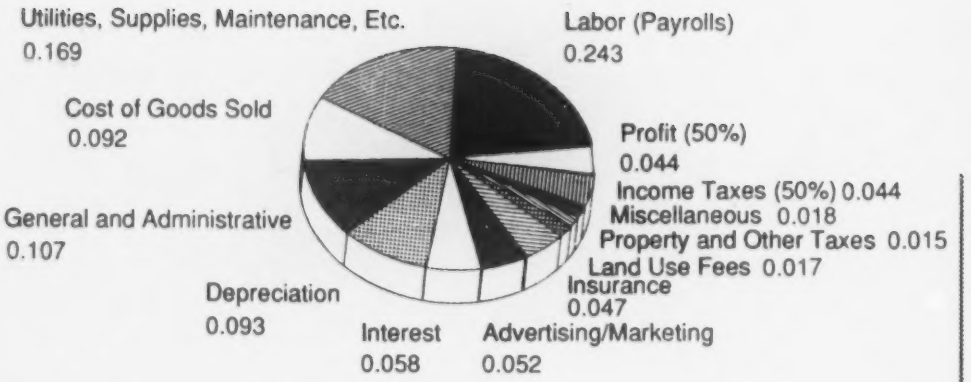
THE SKI AREA DOLLAR

1988-89 Season

What It Buys



What It Pays For



COMMENTS FROM AROUND THE COUNTRY

UNITED SKI INDUSTRIES ASSOCIATION

Cal Conniff, NSAA President

At first glance one might think that because skier days for the 1988-89 season were "only even" with the 1987-88 all-time record season that the skier market has gone flat. Such is hardly the case. To hold our own with the record season (1987-88), when the entire East and Midwest were down from 12 to 15 % "because of poor weather," clearly indicates market strength, not weakness. Promoting the sport nationally, as the industry is doing, will continue to give us the competitive edge we need to get our share of the tourism dollars from a market we can never take for granted.

The ski area business is currently a growth industry with relatively low profits being traded for capital growth. In recent years, fixed assets have been growing in value as areas expand and modernize their facilities. Not surprisingly, most of this growth in assets has been taking place with the 400-plus USIA/NSAA member ski areas who have also seen their skier days increase a respectable 3% on average annually for the past 10 years. We have a robust industry of which we can be justifiably proud.

These comments on the Economic Analysis Study will be my last as I get set to retire after 17 years with the National Ski Areas Association. In parting I want to personally thank Dr. Charles "Chuck" Goeldner, and his associates from the University of Colorado at Boulder, for producing this important ski industry financial document on schedule for so many years. The ski industry is grateful for your efforts and dedication.

VERMONT

George A. Donovan, Agency of Development and Community Affairs

Snowmaking was important in the 1988-89 season, when snowfall was down in many areas of the state. The total number of alpine skier-days is estimated at 4.5 million, down about 7% from a year ago. Peak attendance came on Saturday, January 28, when an estimated 96,500 skiers were on the slopes. A survey of out-of-state skiers indicates expenditures of about $69.60 per day, an average stay of 3.9 days, and 3.0 persons per trip.

VERMONT: ATTENDANCE AND EXPENDITURES

Season	Estimated Annual Skier Expenditures	Estimated Skier-Days	Average Expenditures per Skier-Day
1976-77	$80,000,000	3,000,000	$26.70
1977-78	115,000,000	3,600,000	32.00
1978-79	109,000,000	3,200,000	34.00
1979-80	84,000,000	2,100,000	40.00
1980-81	120,000,000	3,100,000	39.00
1981-82	200,000,000	4,000,000	50.00
1982-83	165,000,000	3,000,000	55.00
1983-84	230,000,000	4,150,000	55.50
1984-85	217,000,000	3,850,000	56.50
1985-86			
Vermonters	15,000,000	710,000	20.00
Out-of-Staters	235,000,000	3,750,000	62.20
Total	***250,000,000***	***4,460,000***	***56.00***
1986-87			
Vermonters	20,000,000	850,000	21.00
Out-of-Staters	310,000,000	4,350,000	71.30
Total	***330,000,000***	***5,200,000***	***63.50***
1987-88			
Vermonters	16,000,000	780,000	21.00
Out-of-Staters	274,000,000	4,070,000	67.20
Total	***290,000,000***	***4,850,000***	***60.00***
1988-89			
Vermonters	20,000,000	900,000	22.00
Out-of-Staters	250,000,000	3,600,000	69.60
Total	***270,000,000***	***4,500,000***	***60.00***

SOUTHEASTERN SKI AREAS ASSOCIATION

D. Grady Moretz, Jr., President

The southeastern ski areas started the season the week after Thanksgiving and saw stronger and stronger performance each week for the entire region until around Christmas. While Christmas was good, it did not set a record because of warm weather in the lower elevations. The strong start was negated by very warm weather continuing into January and causing problems in Georgia, Tennessee, southwestern South Carolina (where ski areas only had about half a season), and in part of North Carolina (northwest North Carolina was down 20-25%). Virginia areas had four good weeks and warm weather conditions. No one area had a good year. West Virginia generally had a good year, with Snowshoe and Silver Creek having record years.

In summary, the warm weather caused a disappointing decline in skier visits. Snowmaking hours were above normal because of the poor snowfall and warm weather.

MIDWEST SKI AREAS ASSOCIATION

Stuart Campbell, President

The skiing season of 1988-89 was typical of those of the 1980s, in that the weather roller coaster brought as many highs as lows to the region. If one were to draw a line across the map of the Midwest from Minneapolis to Detroit, the results of last season were good to excellent north of the line and poor to abysmal to the south of the line. Near-record snowfall to the north produced the best season of the 1980s for several resorts. The exception to this was perhaps northern lower Michigan, which experienced an average winter. The Upper Peninsula and northern Minnesota and Wisconsin, however, received above-average snowfall and rather mild temperatures on the whole. The areas to the south of this imaginary line had an early and very optimistic start. January, however, brought pouring rain and spring-like temperatures to the whole of the region, delivering a low blow which left areas stunned right into March. Late February and early March offered some reprieve, but the damage was already done.

Typical of the Midwest, the season featured mixed reviews, based on geography and weather. This past season, however, stands out for the glaring differences in the reviews. A more typical season would show some disparity on the ends with most of the crowding in the middle. The Midwest's 1988-89 season, however, resulted in more crowding at the extremes and less bunching near the average middle.

COLORADO SKI COUNTRY, USA

John Lay, President

1988-89 was another record season for the Colorado ski industry. Visitors to Colorado Ski Country USA's (CSCUSA's) media event and trade show booth were invited to view CSCUSA's new $250,000 video, "Colorado: Picture Perfect," a visual sampler of the many and varied activities to be found in Colorado's mountain resort communities. Our "Gems of the Rockies" program provided skiers looking for new adventures with an opportunity to enjoy Colorado's lesser known ski areas at bargain rates. Creatively diverse spring promotions made March one of the strongest months in Colorado's ski history in a season highlighted by the return of the World Alpine Championships to the United States at Vail/Beaver Creek.

More than $25 million in capital improvements set the stage for the 1988-89 ski season in Colorado. Steamboat increased its snowmaking capability, Telluride and Crested Butte added new restaurants, Wolf Creek added a new triple chair, and Vail expanded into China Bowl, doubling its size. These improvements, along with the marketing initiatives mentioned above, contributed to a remarkable 20% retail sales performance increase over the very good sales performance in 1987-88. In response to this and other favorable economic indicators, housing construction, new hotel projects, and other infrastructural enhancements are on the rise. Investor confidence is perhaps no better demonstrated than by the purchase of Breckenridge by Victoria last summer, and the purchase of Steamboat by Kamori Kanko this year.

Colorado had excellent early-season snow and an unusually "balmy" March, but a very cold week in February and an early Easter stopped us just short of a 10 million skier day total: 9,981,916. Even so, we saw a 4% increase in skier days and the first significant numerical increase in day skiers in five years, which may mean the front range skiers are coming back (along with the Colorado economy).

All indications are that the 1989-90 ski season will significantly improve upon the record-setting performance of the 1988-89 season. Some of the factors which will contribute to this outcome are:

- USIA's $13 million national "Ski It to Believe It" campaign;
- very favorable international exposure from last year's "snow-plagued" World Alpine Championships at Vail/Beaver Creek;
- additional international exposure resulting from the first visit to the United States of the World Disabled Championships, hosted by by Winter Park/Mary Jane this year;
- over $25 million in capital improvements, including 11 of the 58 new lifts installed in the U.S. this year; and
- a significant increase in "direct flights" into Colorado resort community airports, making hassle-free, time-saving, door-to-door service a reality for many of our destination skiers.

Perhaps the most intriguing statistical comparison to come out of this year's analysis is the relatively modest 4% increase in skier visits versus the dramatic 20% increase in retail sales activity in ski resort communities. Skiers seem to be spending less time on the slopes while getting in more runs (thanks to high-speed lifts), and more time enjoying the many other activities in our resorts. There are also more non-skiers visiting us than ever before. The addition of world-class convention facilities and the development of increasingly diverse summer attractions, when coupled with the inherent aesthetic appeal of the alpine environment, is bringing the dream of a robust, stable, year-round mountain resort economy closer to reality.

SKI UTAH/UTAH SKI ASSOCIATION

Bob Bailey, Executive Director

The 1988-89 ski season was a record setter for Utah ski areas, with the largest gains coming to destination resorts. State-wide skier days were 8.6% over the previous season at 2,572,154 and 3.6% over the record year of 1985-86.

The season began with good early-season snow in northern Utah, but below-average snowfall was to plague southern Utah for the first time in a number of years. Park City hosted "Americas Opening" Pro races to kick off the start of the record winter with all northern Utah areas open for Thanksgiving. Christmas was one of the best ever in Utah, with lots of fresh powder and plenty of skiers to enjoy the great skiing. Mid-season skier days (opening through January 31st) were up almost 25% compared to the poor snow year of 1987-88.

Snowfall continued to be adequate, although slightly below normal, for the remainder of the season, but an early Easter and abnormally warm spring temperatures made people think of golf, not skiing. The season ended with destination resorts experiencing an average 16% increase, while day ski areas saw an average 4% increase. All in all, the season was an excellent one for Utah ski areas, both alpine and cross-country, and showed the importance of good early season snowfall.

PACIFIC NORTHWEST SKI AREAS ASSOCIATION

Mel Borgersen, President

Skier visits in Washington and Oregon for 1988-89 set new records over previous years, with increases of 5.4% and 9.2%, respectively, over 1987-88. Idaho had an impressive increase of 26.5% over the previous year, due to greatly improved weather and snow conditions.

Total skier visits for the three states were 4,111,534 in 1987-88 and 4,552,041 in 1988-89. This was an increase of 440,507, or 10.7%

SKIER VISITS

STATE	1988-89	1987-88	CHANGE
Washington	2,032,720	1,927,783	5.4%
Oregon	1,537,871	1,408,192	9.2
Idaho	981,450	775,559	26.5
TOTAL	***4,552,041***	***4,111,534***	***10.7%***

Early and abundant snowfall provided excellent skiing for most ski areas in the three states. Thanksgiving weekend provided record crowds for most ski areas. By December 31, 1988, some ski areas had attendance increases of 25% to 30% over the previous winter for the same period.

Early January brought the extremely low temperatures which affected most of the nation. Snow in the cities, storms in the mountains, power outages, and highway problems resulted in a drastic drop in skier attendance at many ski areas. On January 7, 1989, the Seattle area was covered with 7" of snow. Traffic problems plagued the region.

General market conditions in the area continue to be favorable. Attendance continues to improve when the weather and snow conditions are favorable.

SIERRA SKI AREAS ASSOCIATION

Bob Roberts, Executive Director

The 1988-89 season opened with a flourish. Early storms allowed most areas to fire up their lifts for the Thanksgiving holiday. After two semi-drought, lackluster seasons, the California skiing public roared back to the mountains. The crowds and weather combined for an excellent Christmas and New Year's holiday period. The industry wags envisioned record skier visits and profits.

Alas, the benign weather in March and April caused skier visits, statewide, to slip. The southern California resorts were particularly hard hit by the warm, sunny days.

Even with a lackluster spring, almost all areas of the state reported solid operating results. The skier visits for California and Nevada came in at 7.0 million for the season.

BRITISH COLUMBIA

**George McKay, Coordinator of Ski Development,
Province of British Columbia, Canada**

British Columbia's major resorts posted record levels of skier attendance and business revenues for the third season in a row during 1988-89.

The mountain resorts represent the 20 largest alpine ski areas in British Columbia and generally account for more than 95% of the total skier days in the province. This past season, Canada West Ski Areas Association (CWSAA) reported 3,446,613 total skier days for British Columbia areas, up from last year by more than 150,000 days, or 5%. The mountain resorts reported 3,287,360 skier days (95% of the total), an increase of over 274,648 days, or 9.1%. This difference indicates the larger areas out-performed the smaller areas in skier visits.

The ski areas in Washington, Oregon, Montana, and Alberta all achieved record levels of skier days. This demonstrates a strong skier market in the Pacific Northwest, with an increase in skier days for the region of 8%, or 770,111 new skier days. British Columbia mountain resorts reported about 35% of these new skiers.

The ski season was 136 days long in British Columbia, up from 125 days last year and more in line with the long-term average of 139 days for the Province.

Revenues from lift tickets and company gross revenues were also up at the mountain resorts in 1988-89. Lift revenues were estimated at $53,169,000, up 14% compared to $46,627,000 last year. Gross revenues were also up, from $83,871,000 in 1987-88 to $92,786,000 in 1988-89, recording a 10.6% increase.

Lift revenues improved more than gross revenues, suggesting better ticket yields than in past seasons. The average ticket price was $25 in 1988-89 and $23 in 1987-88, but the average lift revenue per skier visit was $16.17 compared to $13.02 in the previous year. This equals a yield of 64% of lift price in the past season, up from 56% in 1987-88.

Skier capacity totaled 80,644, and lift utilization was improved at 28%, continuing the trend of increased utilization.

Employment was down marginally (3%), from 2,639 full-time equivalents (FTEs) in 1987-88 to 2,558 FTEs in 1988-89 (The FTE rating takes into account both full- and part-time employee counts.)

The 1988-89 season had the highest accommodation occupancy rate ever reported for the mountain resorts; the average occupancy rate for the nearly 15,000 rental beds in chalets, condominiums, and hotels was 67%. Resorts with a smaller bed base recorded occupancy levels of 59% in the 1987-88 season and 52% for the 1986-87 season.

Capital investment for the ski companies is expected to include $34,750,000 in improvements for the 1989-90 season. This does not include subsidiary or other private investment in the village areas which would significantly increase this statistic.

The above numbers demonstrate a strong and continued growth in business for the mountain resorts and the prospects for a better season in 1989-90.

PREFACE

The Business Research Division is pleased to present another edition of the USIA (formerly NSAA) *Economic Analysis of North American Ski Areas* in its tourism and recreation report series. The reader will find this study, covering the 1988-89 season, has followed the format of the previous reports for ease in comparison. (Although some table numbers have been changed for clarity, both the nature and the order of the tables remain the same. Except for the insertion of an occasional additional line of computation or of table notes, the information presented in each table is unchanged.)

The 1988-89 ski season produced an improved financial performance. While skier visits declined slightly to 53.3 million from the 1987-88 high of 53.9 million, this was only down slightly, despite a snow drought in the East. Readers are urged to utilize the 1988-89 data in conjunction with previous studies to obtain a realistic picture of the industry over time.

The USIA Economic Study Committee again asked the ski areas to identify themselves on the questionnaire, which made it possible to have a more efficient follow-up. Calls to areas for small bits of missing financial data enabled us to utilize the majority of the questionnaires, compute ratios, and do other types of analysis, which are not possible when any key data elements are missing. Also, only areas that provided 12-month financial data were included, so that comparisons would be as meaningful and consistent as possible. The response resulted in 138 areas providing complete financial data.

Any comments, questions, or suggestions for improvement of the survey should be directed to Charles R. Goeldner, Business Research Division, Campus Box 420, University of Colorado at Boulder, Boulder, Colorado 80309-0420, or to Gary Mielke, Steamboat Ski Corporation, 2305 Mt. Werner Circle, Steamboat Springs, Colorado 80487.

ACKNOWLEDGEMENTS

This study would not have been possible without the help of many parties. Acknowledgment is made to the USIA Economic Study Committee—*Gary Mielke*, Steamboat Ski Corporation, Chairman; *Bob Ashton*, Waterville Valley; *Curtis Bender*, Colorado Mountain College; *Mel Borgersen*, Pacific Northwest Ski Areas Association; *David L. Carto*, Snow Trails; *Chris Diamond*, Mount Snow; *Ted Farwell*, Ted Farwell and Associates; *Ken Hammerly*, Sno-engineering; *Marvin Kottke*, University of Connecticut; *Richard Linke*, Alpine Meadows of Tahoe; *George McKay*, British Columbia Ministry of Industry and Small Business Development; *Larry Schumaker*, Winter Park; *Barbara Vedder*, Ski Roundtop; and *Cal Conniff*, USIA—for their assistance with the development of the survey and its subsequent analysis.

Special thanks go to Gin Hayden, Cindy DiPersio, Kathy Jo Books, Tom Buchman, and Dennis Yannutz for their efforts in preparing the report.

Finally, our thanks go to the 138 ski area operators who furnished complete financial data, for without their participation the study would not exist.

C. R. Goeldner

Business Research Division

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I

INTRODUCTION

This economic analysis of the ski industry represents the twenty-first survey of the United Ski Industries (USIA) ski area members. Historically, the first study was conducted by Sno-engineering, Inc., and reported data for the 1965-66 and 1966-67 seasons. It was followed by the Case and Company study, which covered the 1967-68 season. These studies were followed by three United Bank of Denver studies covering the 1970-71, 1971-72, and 1972-73 seasons. In 1974, the Business Research Division, University of Colorado at Boulder, was assigned responsibility for the study and produced the sixth through the twentieth studies covering the 1973-74 through 1987-88 seasons. Consequently, this report focusing on the 1988-89 season represents the twenty-first effort. The survey was conducted by the Business Research Division in cooperation with the Economic Study Committee of USIA.

PURPOSES AND OBJECTIVES

The purpose of the annual survey is to measure and describe ski industry physical and economic characteristics; to create financial yardsticks and economic ratios having a bearing on health, growth, and profitability; and to present a picture of the financial performance of the ski industry.

Specific objectives are:

1. to allow ski area operators and others to examine the performance of the industry for the 1988-89 season,
2. to allow individual ski areas to compare their performance to appropriate industry norms and benefit from the experience of others,
3. to improve understanding of ski area economics,
4. to provide a historical perspective, and
5. to assist in the planning process.

METHODOLOGY

The methodology utilized in the study was the mail survey method. A questionnaire was distributed to both USIA member and non-member ski areas in July 1989. Follow-up action included additional mailings and telephone calls from Economic Study Committee members and the Business Research Division staff. Assistance was also provided by USIA headquarters and regional ski area associations in an effort to gain cooperation and participation.

The questionnaire contained 17 questions concerning various factual characteristics; one open-end question; and itemized requests for revenue, expense, profit (loss), and balance sheet data pertaining to the 1988-89 ski season. A copy of the questionnaire is contained in Appendix B.

Completed questionnaires were coded, key-punched, and summarized. In cases where tables in the report do not add to the total or to 100%, this is due to rounding.

SAMPLE RESPONSE AND VALIDITY

The survey contained information on both area characteristics and financial data. Table 1 shows the geographic breakdown of the 138 areas furnishing complete data.

TABLE 1

GEOGRAPHIC LOCATION OF RESPONDENTS

	NUMBER
New England	
Maine	3
Massachusetts	2
New Hampshire	8
Vermont	7
Quebec CANADA	5
New Brunswick CANADA	1
TOTAL	*26*
East	
New York	7
North Carolina	4
Pennsylvania	8
West Virginia	2
Ontario CANADA	2
TOTAL	*23*
Midwest	
Illinois	2
Indiana	1
Iowa	1
Michigan	3
North Dakota	1
Ohio	2
Wisconsin	3
TOTAL	*13*
Western Canada	
Alberta	5
British Columbia	10
TOTAL	*15*
Rockies	
Central Rockies	
Arizona	1
Colorado	13
New Mexico	6
TOTAL	*20*
Northern Rockies	
Idaho	2
Montana	3
Utah	4
Wyoming	3
TOTAL	*12*
West	
California and Nevada	
California	15
Nevada	3
TOTAL	*18*
Pacific Northwest	
Alaska	1
Oregon	6
Washington	4
TOTAL	*11*
TOTAL, ALL RESPONDENTS (SURVEY BASE)	*138*

Usable responses were obtained from 138 ski areas. The 138 areas providing complete financial data represent the same number as the 1987-88 study. Table 2 shows the sample response by major region.

TABLE 2

SAMPLE RESPONSE, BY REGION
(000)

REGION	SAMPLE VTF/HOUR	PERCENT RESPONSE
New England	247,182	22.3%
East	111,872	10.1
Midwest	25,519	2.3
Rockies (Central Rockies, Northern Rockies)	338,344	30.5
West (California and Nevada, Pacific Northwest)	291,542	26.3
Western Canada	95,475	8.6
TOTAL	*1,109,935*	*100.1%*

Table 3 provides a measure of the representativeness of the 1988-89 study response by comparing capacity represented with the 1987-88 responses. The 138 ski areas with complete financial data in the 1987-88 study reported 1,069,380,000 VTF/hour and represented about 50% of total capacity. The 1988-89 response represents 1,109,935 VTF/hour.

TABLE 3

CHANGE IN EFFECTIVE RESPONSE
1988-89 VERSUS 1987-88
(000)

REGION	1988-89 *VTF/Hour*	1987-88 *VTF/Hour*	PERCENT CHANGE
New England	247,182	242,109	2.1%
East	111,872	76,950	45.4
Midwest	25,519	21,912	16.5
Rockies	338,344	331,070	2.2
West and Western Canada	387,018	397,339	- 2.6
TOTAL	*1,109,935*	*1,069,380*	*3.8%*

LIMITATIONS

The most important limitation is that the study does not include all ski areas. While a response by ski areas accounting for 59.8% of the skier visits is excellent, it may or may not be representative of the industry. Therefore, the data can accurately be interpreted as applying to only the 138 areas that responded. These areas are listed in Appendix A.

The authors believe that response was good due, in large part, to the acceptance of the past studies, follow-up efforts, and increased awareness of the practical value of the data. Non-respondents, however, could be weighted heavily by loss operations or by small operators who do not have a great interest in the study.

HOW TO USE THE STUDY

An understanding of the terms is essential to a proper understanding of the report. Definitions are included in Appendix C, and readers are urged to familiarize themselves with these specifics prior to delving into the report.

Individual ski areas will benefit from conducting a comparative analysis. Many tables contain a column where ski areas may insert the data supplied on their questionnaires and relate their experience to the appropriate average figures. First, fill in your figures. Second, compute your critical financial ratios. Third, complete proportional analyses (percentages) based on both total revenue and gross fixed assets. Finally, with measures compared to one or more or the appropriate geographic, size, or profitability breakdowns, analyze your strengths and weaknesses. In general, concentrate on areas where your operations differ significantly from the averages.

A significant difference need not dictate a change; however, it does flag an area that requires your attention to either adequately rationalize the departure from the norm or to focus on methods of reducing the expense, increasing the revenue, or increasing the utilization.

ORGANIZATION

The report is divided into ten chapters. General ski industry characteristics and trends over the past studies are contained in Chapter II. Ski area financial performance is covered in Chapter III. Chapter IV deals with the critical financial ratios. The details of profitability are discussed in Chapter V. Chapter VI discusses the various departments and their contribution and employment. Regional characteristics and differences are discussed in Chapter VII, while Chapter VIII contains a description of the industry broken down by type (day, weekend, vacation, and weekend only), size, and days of operation. Chapter IX discusses the characteristics of ski areas with snowmaking and those with night operations. Chapter X concludes the study by presenting the results of the open-end question dealing with 1988-89 season highlights.

The report contains four appendices. Appendix A lists the ski areas that responded to the survey, Appendix B presents the questionnaire used, Appendix C defines the terms used in the study, and Appendix D lists the members of the USIA Economic Study Committee.

II

SKI INDUSTRY CHARACTERISTICS

Ski areas were asked 17 questions concerning factual characteristics about their operation. These characteristics are summarized in Table 4. In subsequent chapters, similar tables summarize these significant parameters by various geographic locations, size, profitability, type, days of operation, snowmaking, and night operation breakdowns.

KEY CHARACTERISTICS

VTF/Hour

The average ski area contained 8,043,000 vertical transport feet per hour of uphill capacity, capable of comfortably handling crowds of 5,362 skiers. Average VTF/hour for surveyed areas was up 3.8% from last year. *Ski Area Management* reported in their January 1989 issue that VTF/hour increased 5%.

Table 5 contains a comparison with previous studies. Ski areas in the 1988-89 study ranged from a low of 630,000 VTF/hour to a high of 51,825,530 VTF/hour.

Gross Fixed Assets

Size is also measured in gross fixed assets, the total undepreciated cost to create the ski area. Average GFA is $13,842,000, representing an average cost of $2,581 for each skier accommodated daily. (This is defined in the chapter on economic ratios as the *capital cost/capacity ratio*.) The smallest ski area responding had GFA of $218,000, while the largest had GFA of $107,607,000.

Type

One descriptive method of differentiating ski areas is by markets. Most areas serve a specific functional market, while a number will serve more than one. Areas were asked to classify themselves as "day," "weekend," or "vacation" types. There were 70 day areas, 32 weekend areas, 34 vacation, and 2 weekend-only areas reporting. The number of areas classified as day areas is largest in the East and Midwest, while vacation areas dominate in the Rockies. A higher proportion of the smaller areas are day-oriented, while more of the larger areas are vacation destinations.

TABLE 4

AVERAGE SKI AREA CHARACTERISTICS

	1988-89	1987-88	1986-87	1985-86	1984-85	USFS PERMIT-TEES 1988-89
Size						
VTF/Hour (000)	8,043	7,749	7,366	7,229	6,901	10,747
Gross Fixed Assets (000)	$13,842	$11,757	$10,976	$10,488	$9,848	$15,755
Skiable Acres	644	654	639	630	595	1,160
Total Acres	1,811	1,873	1,752	1,637	1,652	2,394
Location						
Within 50 Miles of SMSA	40%	40%	37%	35%	37%	35%
With 6 or More Areas within 1 Hour	35%	30%	26%	28%	32%	35%
New England	19%	20%	15%	19%	20%	11%
East	17%	13%	13%	15%	14%	0%
Midwest	9%	8%	9%	12%	13%	2%
Rockies	23%	23%	26%	24%	27%	44%
West	21%	21%	20%	29%[a]	27%[a]	44%
Western Canada	11%	15%	16%	—[a]	—[a]	0%
Site Characteristics						
Number of Beds at Base[b]	1,833	1,989	1,875	1,892	1,277	2,603
Number of Beds (10 Miles)[b]	4,374	4,891	4,158	4,081	4,072	6,372
With Snowmaking	70%	70%	67%	69%	72%	54%
With a Night Operation	44%	51%	44%	42%	41%	32%
Terrain						
Beginner	25%	25%	25%	25%	25%	22%
Intermediate	48%	49%	48%	49%	49%	47%
Expert	27%	27%	27%	26%	26%	30%
Business Characteristics						
Operating with USFS Permit	41%	41%	45%	52%	53%	100%
Engaged in Land Development	41%	42%	40%	43%	39%	28%
Operational Characteristics						
Average Days/Nights of Operation	125	127	125	129	128	132
Average Peak Day Crowd	5,080	5,057	4,540	4,696	4,814	6,043
Average Skier Visits (000)	231	224	210	218	219	302
Average Age of Ski Areas	29 years	29 years	28 years	27 years	26 years	31 years

Continued ...

TABLE 4 (CONTINUED)

AVERAGE SKI AREA CHARACTERISTICS

	1988-89	1987-88	1986-87	1985-86	1984-85	USFS Permittees 1988-89
Economic Characteristics						
Average Revenue/Skier Visit	$22.50	$20.73	$19.04	$18.71	$17.01	$22.95
Average Ticket Revenue/Skier Visit	$18.77	$17.09	$15.89	$15.68	$14.45	$19.42
Average Adult Lift Ticket Price						
Weekend	$25.03	$23.36	$21.51	$20.37	$18.68	$24.90
Weekday	$22.54	$20.93	$19.80	$18.26	$17.15	$23.24
Average Night Ticket Price						
Weekend	$13.37	$13.34	$12.75	$11.46	$10.74	$10.77
Weekday	$12.83	$12.75	$11.99	$11.23	$10.21	$10.32
Average Adult Season Ticket Price	$443	$427	$382	$385	$369	$481
Average Utilization	33%	33%	33%	34%	37%	30%
Average Profit (Loss) before Tax (000)	$701	$368	$120	$105	$296	$980
Ratio: Revenue/GFA	41%	43%	40%	42%	43%	46%
Base	138	138	134	124	117	57

[a] For these years, the figure given for the West includes the amount for Western Canada.

[b] Starting in 1985-86, this is the average for the areas having beds.

TABLE 5

VTF/HOUR CAPACITY

VTF/Hour (000)	1988-89 Number of Areas	1988-89 Percent	1987-88 Number of Areas	1987-88 Percent	1986-87 Number of Areas	1986-87 Percent
Under 2,500	24	17.4%	30	21.7%	29	21.6%
2,500 - 3,999	26	18.8	20	14.5	22	16.4
4,000 - 5,499	21	15.2	21	15.2	22	16.4
5,500 - 9,999	33	23.9	34	24.6	32	23.9
10,000 and Over	34	24.6	33	23.9	29	21.6
Total	*138*	*99.9%*	*138*	*99.9%*	*134*	*99.9%*

Acreage

The average ski area contained 644 acres of developed ski slopes and trails. Currently these 644 acres support crowds of 5,362 skiers, creating an average density of 8.3 skiers/acre. Ski areas in the East region accommodate skiers at the average density of 25.2 skiers/acre, and New England areas at 27.5 skiers/acre, while the West areas vary from 3.9 skiers/acre to 9.5 skiers/acre. Table 6 summarizes this data.

This year, for the sixth time, the questionnaire contained a question about total ski area size. The average size is 1,811 acres, the smallest area contains 36 acres and the largest contains 14,000 acres. Last year the average size was 1,873 acres, the smallest area contained 5 acres, and the largest contained 14,000 acres.

TABLE 6

SKI AREA ACREAGE AND CAPACITY

	Base	Average Skiable Acres	Calculated Capacity (Skiers)	Average Density (Skiers/Acre)
Total Sample	138	644	5,362	8.3
USFS Permittees	57	1,160	7,164	6.2
Profitability				
Top	52	790	6,432	8.1
Bottom	53	688	5,465	7.9
Loss	33	345	3,512	10.2
Location				
New England	27	231	6,338	27.5
East	23	129	3,243	25.2
Midwest	13	70	1,309	18.6
Central Rockies	20	838	7,998	9.5
Northern Rockies	12	1,393	5,468	3.9
California and Nevada	18	1,362	7,733	5.7
Pacific Northwest	11	1,209	5,015	4.1
Western Canada	15	515	4,244	8.2
Type				
Day	70	418	3,288	7.9
Weekend	32	645	5,903	9.2
Vacation	34	1,133	9,325	8.2
Snowmaking Areas				
New England	26	231	6,338	27.5
East and Midwest	35	110	2,585	23.6
Rockies and West	36	1,120	8,366	7.5

LOCATION

Geographic Location

Table 7 shows the proportion of sample areas by VTF/hour. This table repeats the information in Tables 1 and 2 while providing more detail.

TABLE 7

LOCATION OF SKI AREAS

Region	VTF/Hour (000)	Percent
New England	247,182	22.3%
East	111,872	10.1
Midwest	25,519	2.3
Central Rockies	239,920	21.6
Northern Rockies	98,424	8.9
California and Nevada	208,800	18.8
Pacific Northwest	82,742	7.5
Western Canada	95,475	8.6
Total	*1,109,934*	*100.0%*

Proximity to Metropolitan Areas

Travel is a critical variable to the success of ski areas. With the nation-wide speed limit of 55 miles per hour, except in rural areas, and a general limit on time for day and weekend outings, proximity to markets has become more important in the 1980s. Table 8 illustrates this critical relationship.

Note that 67.1% of the day areas are within relatively easy commuting distance (74 miles), while a high proportion of the weekend areas require two or more hours of driving. Vacation destinations are typically in more remote locations where snow conditions are maximized, because proximity is not critical with stays of seven to ten days.

TABLE 8

PROXIMITY TO METROPOLITAN AREAS (SMSAs)

Miles to Nearest SMSA	Total Sample		Day	Weekend	Vacation
	Number	*Percent*	*Percent*	*Percent*	*Percent*
0 - 24 Miles	29	21.0%	31.4	3.1%	14.7%
25 - 49 Miles	26	18.8	15.7	34.4	11.8
50 - 74 Miles	27	19.6	20.0	21.9	14.7
75 - 99 Miles	24	17.4	18.6	9.4	23.5
100 Miles and Over	32	23.2	14.3	31.3	35.3
Total	*138*	*100.0%*	*100.0%*	*100.0%*	*100.0%*

Proximity to Other Ski Areas

Ski areas tend to be clustered near each other geographically. Part of this trend is due to natural conditions required, the terrain, snow conditions, and climate. Part may be conditioned by the existence of regional airports, interstate highway access, and the observed behavior of skiers who seek destinations where they may find a variety of skiing experiences. Table 9 illustrates the extent of this clustering.

TABLE 9

PROXIMITY OF COMPETITIVE AREAS

Number of Areas within 1 Hour Drive	Total Sample		Profitability		
	Number	*Percent*	*Top Profit (%)*	*Bottom Profit (%)*	*Loss (%)*
None	22	15.9%	19.2%	18.9%	6.1%
1	21	15.2	13.5	15.1	18.2
2 - 3	24	17.4	15.4	24.5	9.1
4 - 5	23	16.7	13.5	18.9	18.2
6 or More	48	34.8	38.5	22.6	48.5
Total	*138*	*100.0%*	*100.0%*	*100.0%*	*100.0%*

SITE CHARACTERISTICS

Lodging Facilities

Ski areas reported lodging capacity in terms of both beds at the base area and beds within ten miles. Table 10 summarizes this data. The number of beds at the base ranged from 0 to 25,000.

Ski areas with a large number of beds both at the base and within 10 miles continued to enjoy higher utilization and better profitability.

TABLE 10

SKI AREA LODGING CAPACITY

Number of Beds	At Base		Within 10 Miles	
	Number	*Percent*	*Number*	*Percent*
None	67	48.6%	20	14.5%
1 - 149	8	5.8	10	7.2
150 - 299	11	8.0	8	5.8
300 - 599	14	10.1	13	9.4
600 - 1,199	15	10.9	17	12.3
1,200 - 9,999	20	14.5	50	36.2
10,000 and Over	3	2.2	20	14.5
Total	*138*	*100.0%*	*138*	*100.0%*

Snowmaking

Snowmaking capability exists at 70% of the respondent areas. For areas with snowmaking, the average coverage was 131 acres, up from 114 acres in 1988-87. Average operation was 1,081 hours in 1988-89, down from 1,148 hours last year.

Terrain

In general, 48% of the slopes and trails at responding ski areas are classified "intermediate" (or "more difficult," in standard USIA terminology), while 25% are "beginner ("easiest") and 27% "expert" ("most difficult").

BUSINESS CHARACTERISTICS

Site Ownership

Forty-two percent of the areas responding are all on private land, while 58% of the areas responding operate on public land. Forty-one percent are under permit from the U.S. Forest Service, while 8.7% lease state land, 2.9% hold Canadian leases, and 5.1% lease other public land. The average USFS permittee reports 78.4% of slope transport feet on leased land.

Table 11 illustrates the general pattern of site ownership. As would be expected, land ownership is closely associated with geographic location. Areas located wholly on private land are generally found in the East and Midwest while areas located partially or wholly on public lands are located in the Rockies or the West.

TABLE 11

SITE OWNERSHIP

OWNERSHIP	TOTAL SAMPLE	NEW ENGLAND	EAST	MIDWEST	ROCKIES	WEST
All Private	42.0%	46.2%	95.7%	84.6%	21.9%	13.6%
Public USFS Permit	41.3	23.1	0.0	7.7	78.1	56.8
State Land Lease	8.7	23.1	4.3	0.0	0.0	11.4
Canadian Lease	2.9	0.0	0.0	0.0	0.0	9.1
Other	5.1	7.7	0.0	7.7	0.0	9.1
TOTAL	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Base	138	26	23	13	32	44

Real Estate Operations

Fifty-seven ski areas (41.3%) responding are engaged in some land development. Interestingly, a larger proportion of eastern areas than western areas report land development activity. See Tables 12, 53, and 54.

TABLE 12

REAL ESTATE OPERATIONS

	1988-89		1987-88	1986-87
	Number	*Percent*	*Percent*	*Percent*
Engaged in Land Development	57	41.3%	42.0%	39.6%
First Home Residential Sites	23	16.7	15.2	17.9
First Homes	8	5.8	7.2	7.5
Second Home Residential Sites	38	27.5	24.6	26.9
Second Homes	15	10.9	13.0	11.2
Condominium Sites	31	22.5	22.5	24.6
Condominiums	37	26.8	29.0	23.9
Commercial Sites	24	17.4	18.1	14.0
Commercial Buildings	14	10.1	8.7	9.0
Not Engaged in Land Development	81	58.7%	58.0%	60.4%
Base	138		138	134

OPERATIONAL CHARACTERISTICS

Years in Operation

The average ski area respondent has been operating for 29 years. Table 13 summarizes ski area age. Three new areas (2.2%) have opened within the last five years.

TABLE 13

NUMBER OF YEARS SKI AREAS HAVE BEEN IN OPERATION

YEARS OF OPERATION	1988-89		1987-88		1986-87	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
1 - 5 Years	3	2.2	4	2.9%	3	2.2%
6 - 10 Years	11	8.0	8	5.8	7	5.2
11 - 15 Years	8	5.8	8	5.8	15	11.2
16 - 20 Years	9	6.5	16	11.6	7	5.2
21 - 25 Years	19	13.8	23	16.7	29	21.6
26 - 30 Years	30	21.7	29	21.0	26	19.4
31 - 35 Years	21	15.2	12	8.7	13	9.7
36 - 40 Years	4	2.9	9	6.5	11	8.2
40 Years and Over	33	23.9	29	21.0	23	17.2
TOTAL	*138*	*100.0%*	*138*	*100.0%*	*134*	*99.9%*

Length of Season

The length of the ski season is generally expressed in number of days/nights of operations and is one of the most critical variables in the success of ski areas. A high proportion of costs are fixed (i.e., depreciation, interest, property taxes, and management take some 30% of total costs), so the longer the season, the more opportunity there is to spread these costs over a greater revenue base.

Starting with the 1976-77 survey, this vital statistic was upgraded. Respondents were asked to provide their summary of daily operation in four categories: numbers of days at full operation, number of days with less than full but more than one-half of their mountain open and skiable, number of days with less than half of their mountain open and skiable, and the number of nights of operation. These breakdowns allowed the calculation of "equivalent" days of operation by weighting each response. Equivalent days of operation is the best estimate of the number of days that the ski area was fully open and skiable, a more accurate measure of capacity.

The past surveys contained an added adjustment to allow for the generally smaller night operations. Nights of operation are affected by the proportion of the ski area covered by lights and thus open for night skiing. In general, those ski areas with night skiing (44.2%) report night skiing capacity at 49.9% of day capacity. This is calculated by taking the average night capacity of 1,787 from Table 104 and dividing it by the skier capacity of 3,579 from Table 97. Thus, while the average ski area with lights was open 71 nights, this amounts to only 15.7 "equivalent days/nights" of full capacity operation.

Table 14 summarizes the various results. Table 15 illustrates the wide variation in actual equivalent operating days. The average ski area had an equivalent season that was 98% of actual days open (125 day divided by 128 days).

TABLE 14

DAYS AND NIGHTS OF OPERATION

	EQUIVALENT 1988-89		EQUIVALENT 1987-88		EQUIVALENT 1986-87	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Less than 80	18	13.0%	11	8.0%	13	9.7%
80 - 99	17	12.3	27	19.5	21	15.7
100 - 119	22	15.9	22	15.9	24	17.9
120 - 139	30	21.7	39	28.3	33	24.6
140 - 159	28	20.3	12	8.7	21	15.7
160 and Over	23	16.7	27	19.6	22	16.4
Base	138	100.0%	138	100.0%	134	100.0%

Again, length of season is somewhat positively correlated with profitability, as the profitable areas had a season, based on equivalent days, that was 24 to 27 days longer than the loss areas. Pacific Northwest ski areas again had the longest season, averaging 149 equivalent days/nights, while the Central Rockies areas has the shortest, with 111 days/nights. The New England, East, and Central Rockies areas showed a decline in length of season, while the other regions showed an increase in equivalent days/nights.

TABLE 15

ACTUAL VERSUS EQUIVALENT DAYS OF OPERATION

	Equivalent Days/Nights[a] of Full Operation	Days of Full Operation (100%)	Days of More Than Half (75%)	Days of Less Than Half (25%)	Total Actual Days Open
Average Ski Area	125	79	31	18	128
USFS Permittees	132	96	30	16	142
Profitability					
Top	130	81	36	16	133
Bottom	133	83	31	16	130
Loss	106	69	24	23	116
Location					
New England	121	69	37	28	134
East	104	48	36	20	104
Midwest	139	64	22	11	97
Central Rockies	111	79	33	17	129
Northern Rockies	135	113	16	5	135
California and Nevada	130	96	33	13	143
Pacific Northwest	149	100	33	16	148
Western Canada	141	95	31	18	144
Type					
Day	127	72	34	13	119
Weekend	124	79	25	30	134
Vacation	130	99	32	15	147

[a] This figure is the sum of days, open at various capacities, plus equivalent nights of operation.

Ski Area Capacity

The calculation of ski area capacity is a matter of judgement. Since the 1975-76 study, capacity parameters have been established in several ways in order to test various concepts. Total lift VTF/hour is used. Ski area operators were also asked to provide their peak day crowd count plus their estimate of their "comfortable" crowd.

The results are tabulated in Table 16. The "calculated capacity" column is based on an assumed average hourly demand in VTF/hour.

As was done last year, this year an approximated demand of 1,500 VTF/hour was used for all areas.

An analysis of Table 16 indicates that these assumptions are in general harmony with ski area operator estimates.

The calculated figures have been used in this study to compute season capacity and determine utilization. The average peak day crowds are 95% of calculated capacity. The ski area operators' estimated comfortable capacity is 91% of calculated capacity.

TABLE 16

MEASURES OF SKI AREA CAPACITY

	Peak Day Crowd	Comfortable Crowd	Calculated Capacity	Crowd as Percent of Calculated Capacity	
				Peak Crowd	*Comfortable Crowd*
Total Sample	5,080	4,857	5,362	95%	91%
USFS Permittees	6,043	6,077	7,164	84	85
Profitability					
Top	5,945	5,320	6,432	92	83
Bottom	5,271	5,055	5,465	96	92
Loss	3,412	3,809	3,512	97	108
Location					
New England	5,880	5,313	6,338	93	84
East	4,489	3,792	3,243	138	117
Midwest	2,451	2,253	1,309	187	172
Central Rockies	6,662	6,504	7,998	83	81
Northern Rockies	4,339	4,154	5,468	79	76
California and Nevada	6,621	6,652	7,733	86	86
Pacific Northwest	4,670	5,530	5,015	93	110
Western Canada	3,813	3,673	4,244	90	87
Type					
Day	3,475	3,325	3,288	106	101
Weekend	5,822	5,672	5,903	99	96
Vacation	7,892	7,455	9,325	85	80

Skier Visits

Skier visits is the physical measure of use. Table 17 summarizes skier visits reported over the past four ski seasons.

TABLE 17

SKIER VISITS/SEASON

Skier Visits (000)	1988-89		1987-88	1986-87	1985-86
	Number	*Percent*	*Percent*	*Percent*	*Percent*
0 - 24.9 visits	8	5.8	2.9%	4.5%	4.0%
25 - 49.9 visits	8	5.8	8.0	9.0	11.3
50 - 99.9 visits	28	20.3	18.8	18.7	20.2
100 - 199.9 visits	44	31.9	33.3	32.1	31.5
200 - 499.9 visits	37	26.8	26.8	27.6	25.0
500 Visits and Over	13	9.4	10.1	8.2	8.1
Total	*138*	*100.0%*	*99.9%*	*100.1%*	*100.1%*
Average Skier Visits	*231*		*224*	*210*	*218*

Growth

The last 12 surveys contained a measure of growth. For the 13th time, the respondents were asked for their skier visit count over the past five years. This year, for the seventh time, respondents were asked for a separate count of day and night skiers. The first part of Table 18 gives the total skier visits (both day and night) reported by the 138 respondents, broken down by categories. The second part of the table gives day skier visits and the third part night skier visits, for those could provide this breakout.

Table 18 shows that the average area reported an increase of 3.1% in skier visits in 1988-89 over 1987-88.

Geographic regions reporting an increase in skier visits were the Midwest, Central Rockies, Northern Rockies, California and Nevada, and Western Canada. The New England, East, and Pacific Northwest regions reported declines.

TABLE 18

GROWTH IN USAGE

SKIER VISITS[a]

	Base	1988-89 (000)	1987-88 (000)	1986-87 (000)	1985-86 (000)	1984-85 (000)
		T O T A L				
Total Sample	138	231	224	215	205	202
USFS Permittees	57	302	293	281	279	289
Profitability						
Top	52	286	286	264	250	238
Bottom	53	248	181	181	167	171
Loss	33	115	174	174	178	183
Location						
New England	26	261	269	264	219	192
East	23	162	196	193	174	144
Midwest	13	70	66	60	66	56
Central Rockies	20	350	345	362	339	337
Northern Rockies	12	214	164	161	146	160
California and Nevada	18	307	279	228	297	332
Pacific Northwest	11	211	244	240	189	220
Western Canada	15	198	147	138	134	128
Type						
Day	70	140	141	135	125	130
Weekend	32	239	274	248	244	236
Vacation	34	421	386	382	364	342

Continued ...

TABLE 18 (CONTINUED)

GROWTH IN USAGE

SKIER VISITS[a]

	Base	1988-89 (000)	1987-88 (000)	1986-87 (000)	1985-86 (000)	1984-85 (000)
		D A Y				
Total Sample	137	216	213	206	198	196
USFS Permittees	57	298	286	274	274	282
Profitability						
Top	52	268	269	248	238	228
Bottom	52	232	173	175	163	166
Loss	33	108	171	172	178	182
Location						
New England	26	242	239	242	205	182
East	23	132	159	159	142	117
Midwest	13	47	48	44	48	39
Central Rockies	20	350	344	362	339	337
Northern Rockies	12	203	158	156	141	154
California and Nevada	17	313	282	228	304	337
Pacific Northwest	11	191	210	207	163	190
Western Canada	15	187	153	143	142	140
Type						
Day	70	121	123	118	111	119
Weekend	32	220	257	231	231	217
Vacation	34	417	393	389	371	349
		N I G H T				
Total Sample	60	35	39	39	34	32
USFS Permittees	18	22	30	33	26	33
Profitability						
Top	22	44	51	48	40	36
Bottom	29	32	34	37	33	34
Loss	9	24	15	15	13	9
Location						
New England	8	62	67	68	51	44
East	14	50	57	54	50	41
Midwest	13	23	20	20	20	18
Central Rockies	2	7	6	3	0	0
Northern Rockies	5	26	17	16	16	21
California and Nevada	4	17	18	20	15	26
Pacific Northwest	9	24	41	40	32	37
Western Canada	5	35	16	15	14	7
Type						
Day	39	34	40	39	34	33
Weekend	17	36	41	45	38	34
Vacation	4	40	18	18	15	11

[a] Day Skier Visits plus Night Skier Visits will not equal the Total Skier Visits because not all areas provided a Day/Night breakdown. Night Skier Visits are only for those areas operating at night which could provide separate data for Day and Night Skier Visits.

ECONOMIC CHARACTERISTICS

Ski Lift Prices

Respondents listed their adult weekday and weekend all-day lift ticket prices (which are typically the highest prices quoted because of discounts for students; children; military; three, five and seven day packages; promotions; races; and senior citizens) and their weekday and weekend night ticket prices and season pass rates. Table 19 summarizes these prices and compares them with actual average lift ticket revenue per skier visit.

TABLE 19

SKI LIFT TICKET PRICES AND AVERAGE LIFT TICKET REVENUE/SKIER VISIT

	1988-89	1987-88	1986-87	1985-86
Ski Lift Ticket Price				
Day Weekend	$ 25.03	$23.36	$21.51	$20.37
Day Weekday	22.54	20.93	19.80	18.26
Night Weekend	13.37	13.34	12.75	11.46
Night Weekday	12.83	12.75	11.99	11.23
Season Pass	443.17	427.27	382.42	384.94
AVERAGE SKI LIFT TICKET REVENUE/SKIER VISIT	*$18.77*	*$17.09*	*$15.89*	*$15.68*
REALIZED REVENUE VS. WEEKEND DAY PRICE	*75.0%*	*73.2%*	*73.9%*	*77.0%*

Table 20 illustrates the range of ski lift ticket prices. Prices ranged from a low of $10.50 to a high of $36.00. Eighty percent of the ski areas responding charged $20 or more for their adult weekend lift tickets, 60.8%, $24 or more, and 26.8%, $30 or more.

TABLE 20

ADULT, ALL-DAY WEEKEND SKI LIFT TICKET PRICES

TICKET PRICE	1988-89		1987-88	1986-87	1985-86	1984-85
	Number	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Less than $10.00	0	0.0%	0.0%	0.0%	0.0%	0.0%
$10.00 - 11.99	1	0.7	0.7	0.0	1.6	0.9
$12.00 - 13.99	0	0.0	1.4	2.2	2.4	6.0
$14.00 - 15.99	4	2.9	3.6	8.9	10.5	14.5
$16.00 - 17.99	8	5.8	10.9	10.4	12.1	20.5
$18.00 - 19.99	14	10.1	8.7	17.2	18.5	17.1
$20.00 - 21.99	15	10.9	16.7	12.7	13.7	18.8
$22.00 - 23.99	12	8.7	7.2	11.9	14.5	10.3
$24.00 - 25.99	22	15.9	12.3	15.7	13.7	6.0
$26.00 - 27.99	10	7.2	16.7	11.2	8.9	3.4
$28.00 - 29.99	15	10.9	9.4	6.0	4.0	2.6
$30.00 - 31.99	16	11.6	5.1	3.0	0.0	0.0
$32.00 - 33.99	11	8.0	6.5	0.7	0.0	0.0
$34.00 and Over	10	7.2	0.7	0.0	0.0	0.0
TOTAL	*138*	*100.0%*	*99.9%*	*99.9%*	*99.9%*	*100.1%*

Profits

Ninety-one (65.9%) of the 138 ski areas reported profits before tax in 1988-89, compared to 70% percent in 1987-88. Chapter V provides a complete analysis of profitability and its probable causes. Table 21 summarizes dollar returns.

TABLE 21

DOLLARS OF PROFIT (BEFORE TAX)

PROFIT (000)	1988-89		1987-88	1986-87	1985-86	1984-85
	Number	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Loss	47	34.1	29.7%	38.1%	41.9%	34.2%
$0 - 24.9	4	2.9	4.3	1.5	4.0	6.8
$25 - 49.9	7	5.1	4.3	3.0	4.8	1.7
$50 - 99.9	4	2.9	4.3	6.7	3.2	5.1
$100 - 149.9	3	2.2	5.8	3.0	5.6	3.4
$150 - 249.9	11	8.0	8.0	12.7	5.6	10.3
$250 - 349.9	7	5.1	2.2	3.0	6.5	5.1
$350 - 999.9	22	15.9	18.1	13.4	11.3	16.2
$1,000 - 1,999.9	12	8.7	15.2	10.4	11.3	9.4
$2,000 - 9,999.9	20	14.5	8.0	8.2	5.6	7.7
$10,000 and Over	1	0.7	0.0	0.0	0.0	0.0
TOTAL	*138*	*100.0%*	*99.9%*	*100.0%*	*99.8%*	*99.9%*

Non-Skiing Activities

Table 22 summarizes the variety and extent of other recreational activities offered at ski areas and describes the activities that are offered near the ski areas. Ski touring is the most prevalent activity offered at the areas, followed by swimming and tennis. Snowmobiling ranks first among activities offered at nearby areas, followed by golf, ice skating, swimming, tennis, water sports, tobogganing and sledding, and ski touring.

TABLE 22

OTHER ACTIVITIES AVAILABLE AT SKI AREAS AND NEARBY

ACTIVITY	TOTAL SAMPLE	DAY	WEEKEND	VACATION
	AREAS OFFERING ACTIVITY			
Tobcggans/Sled	3.6%	1.4%	3.1%	8.8%
Snowmobiles	1.4	0.0	0.0	5.9
Ice Skating	8.7	2.9	9.4	20.6
Ski Touring	40.6	34.3	40.6	55.9
Golf	15.2	2.9	25.0	32.4
Tennis	29.7	12.9	46.9	50.0
Swimming	31.9	14.3	46.9	55.9
Water Sports	6.5	2.9	9.4	11.8
Summer Slide	10.9	5.7	18.8	14.7
Other	21.7	10.0	34.4	35.3

Continued ...

TABLE 22 (CONTINUED)

OTHER ACTIVITIES AVAILABLE AT SKI AREAS AND NEARBY

Activity	Total Sample	Day	Weekend	Vacation
	Activity Offered Nearby			
Toboggans/Sled	50.7%	45.7%	62.5%	50.0%
Snowmobiles	70.3	62.9	81.3	76.5
Ice Skating	60.1	52.9	78.1	55.9
Ski Touring	50.0	52.9	53.1	38.2
Golf	65.2	68.6	62.5	58.8
Tennis	56.5	60.0	50.0	52.9
Swimming	58.7	62.9	56.3	50.0
Water Sports	54.3	42.9	71.9	61.8
Summer Slide	26.1	20.0	37.5	26.5
Other	16.7	11.4	21.9	23.5

COMPUTER USE

Respondents were asked to provide information about computer usage at their ski areas (Table 23). In 1988-89, 93.5% of the respondents reported use of a computer. The most popular applications continue to be accounts payable, payroll, and accounts receivable. Popular answers reported under other were general ledger, financial statements, mailing lists, word processing, reservations, inventory, budgets, and snowmaking.

In 1988-89, 49 different brands or models were mentioned. Several areas also reported using more than one computer. The computer models mentioned most often were microcomputers and minicomputers, including IBM (PC, XT, AT, S34, S36), Apple (2E, Macintosh), Compaq, Kaypro, and Leading Edge.

TABLE 23

COMPUTER USE AND APPLICATIONS

		1988-89		1987-88	
		Number	*Percent*	*Number*	*Percent*
	Computer Use				
Use/Do Not Use					
Use a Computer		129[a]	93.5%	129[a]	93.5%
Do Not Use a Computer		9	6.5	9	6.5
	Total	***138***	***100.0%***	***138***	***100.0%***
Type of Computer Access					
Own a Computer		120	93.0%	117	90.7%
Timeshare a Computer		3	2.3	3	2.3
Lease		0	0.0	0	0.0
No Answer		6	4.7	9	7.0
	Total	***129***	***100.0%***	***129***	***100.0%***

Continued...

TABLE 23 (CONTINUED)

COMPUTER USE AND APPLICATIONS

	1988-89		1987-88	
	Number	*Percent*	*Number*	*Percent*
APPLICATION USE				
Payroll	102	79.1%	90	69.8%
Accounts Receivable	89	69.0	92	71.3
Accounts Payable	110	85.3	109	84.5
Forecasting	67	51.9	71	55.0
Market Research	58	45.0	51	39.5
Ticket Sales	71	55.0	66	51.2
Other	85	65.9	91	70.5
Base	129		129	

[a] This group forms the base for the Application Use section of this table.

III

SKI AREA FINANCIAL DATA

Each ski area was asked to provide the following financial data on their 1988-89 season: (1) income statement, (2) departmental revenue and expense, and (3) balance sheet. From this information, average area financial statements were developed to measure the industry's financial performance. The data summarized here for the 1988-89 season represents 138 ski areas that provided complete, usable data representing 12 months of income and expenses.

The 138 ski areas represent approximately 59.8% of the skier visits in North America. If this relationship holds for the balance of the skier visits, then the ski area business in the United States has an investment of some $3.19 billion, processes revenues of $1.83 billion, and has an annual payroll (direct labor) of $377.3 million.

This chapter first presents the average income statement (Table 24) and the average area lift and revenue expense statement (Table 25) in the traditional format of previous reports. This is followed by an extensive analysis of the income statement in a non-traditional way which the authors believe will be more meaningful to ski area operators. Readers will note that the data are the same except for the revenue figure, which has been adjusted (because of concession operations) to make the data more comparable. Also, this more extensive analysis includes a separate column on the 57 areas in the study operating with a USFS permit.

AVERAGE SKI AREA INCOME STATEMENTS

Table 26 is the composite-average income statement referred to above. The format is somewhat non-typical due to the varying practices of ski area operators. Total revenue is the total of gross lift department revenue plus either gross margin or contributions from all other departments. It is believed that in this manner one can more fairly combine ski areas that have only some of the supporting operations with those who concession them, and thus report only net concession revenue, and with those who operate their own schools, shops, restaurants, and real estate business. Details of these supporting operations may be found in Chapter VI.

Table 27 is a summary of gross revenue, concession revenue, and direct operating costs. It is included to illustrate how the supporting margins were calculated. The breakdowns shown in Chapter VI are much more accurate for illustrating typical departmental cash flows, since Table 27 includes all areas in the average, including those who do not operate such a department. While they are statistically accurate, they are non-typical.

TABLE 24

AVERAGE AREA INCOME STATEMENT
(000)

	1988-89		1987-88		1986-87	1985-86
	Total	*Percent*	*Total*	*Percent*	*Percent*	*Percent*
REVENUE	***$7,951***	***100.0%***	***$7,271***	***100.0%***	***100.0%***	***100.0%***
Direct Expense						
Direct Labor[a]	$1,635	20.6%	$1,459	20.1%	20.8%	20.7%
Other Direct Expenses[b]	2,369	29.8	2,255	31.0	32.2	36.5
TOTAL DIRECT EXPENSES	*4,004*	*50.4%*	*$3,714*	*51.1%*	*52.9%*	*57.2%*
GROSS MARGIN	***$3,948***	***49.7%***	***$3,557***	***48.9%***	***47.1%***	***42.8%***
Other Expenses						
General and Administrative	$ 853	10.7%	$ 761	10.5%	10.9%	10.8%
Marketing (advertising, public relations, promotion, etc.)	417	5.2	376	5.2	5.5	5.0
Insurance (property, liability)	373	4.7	399	5.5	5.6	4.1
Land Use Fees (public)	79	1.0	80	1.1	1.3	1.4
Land Use Fees (private)	60	0.8	45	0.6	0.2	0.2
Property Taxes	119	1.5	119	1.6	1.6	1.8
Interest	461	5.8	427	5.9	6.7	6.6
Depreciation and Amortization	741	9.3	729	10.0	11.1	10.3
Miscellaneous Expense	143	1.8	253	3.4	2.3	1.1
TOTAL OTHER EXPENSES	*$3,246*	*40.8%*	*$3,189*	*43.8%*	*45.1%*	*41.3%*
PRE-TAX PROFIT (LOSS)	***$ 701***	***8.8%***	***$ 368***	***5.1%***	***1.9%***	***1.5%***
Base	138		138		134	124

[a] Includes direct labor and snowmaking labor.

[b] Includes cost of goods sold, payroll taxes, property operations, snow removal, snowmaking (except labor) and other direct.

TABLE 25

AVERAGE AREA LIFT REVENUE AND EXPENSE
(000)

	1988-89		1987-88		1986-87	1985-86
	Total	*Percent*	*Total*	*Percent*	*Percent*	*Percent*
Lift Revenue						
Winter	$4,326	98.3%	$3,828	98.7%	98.6%	98.6%
Summer	74	1.7	49	1.3	1.4	1.4
TOTAL LIFT REVENUE	$4,399	*100.0%*	*$3,877*	*100.0%*	*100.0%*	*100.0%*
Lift Expense						
Direct Labor (Winter)[a]						
Lift	$ 224	5.1%	$ 202	5.2%	5.1%	5.7%
Ski Patrol	104	2.4	88	2.3	2.6	2.6
Slope Maintenance	92	2.1	82	2.1	2.1	2.1
Maintenance and Repair	135	3.1	123	3.2	3.2	3.6
Ticket Sales	55	1.3	48	1.2	1.2	1.2
Other	52	1.2	40	1.0	1.2	1.4
TOTAL DIRECT LABOR (WINTER)	*$ 662*	*15.0%*	*$ 583*	*15.0%*	*15.4%*	*16.6%*
DIRECT LABOR (SUMMER)	*$ 35*	*0.8%*	*$ 33*	*0.9%*	*0.9%*	*0.8%*
OTHER DIRECT EXPENSE	*$ 591*	*13.4%*	*$ 486*	*12.5%*	*13.7%*	*14.0%*
TOTAL LIFT EXPENSE	*$1,287*	*29.3%*	*$1,102*	*28.4%*	*30.0%*	*31.4%*
GROSS MARGIN--LIFTS	*$3,112*	*70 .7%*	*$2,775*	*71.6%*	*70.0%*	*68.6%*
Base	138		138		134	124

[a] Does not include payroll taxes.

Composite-Average Income Statements

This format also differs slightly by showing an "operating profit (loss)" before subtracting interest expense. It is believed that the comparison of this figure with gross fixed assets (GFA) is one of the best overall measures of industry profitability. Interest expense varies from $0 to $4.4 million; while it is viewed as a critical and significant cost of doing business, it is also viewed as part of the cost of capital. Some areas are subsidiaries of larger corporations, some beneficiaries of public funding, and many carry an added burden of past operating losses. A fair assessment of current operations requires both an analysis of before-tax and before-interest return on GFA and an analysis of profit as a percent of equity.

Tables 28 and 29 provide comparisons between expenses, revenues, and investment (GFA). One generally uniform factor involves the depreciation to gross fixed assets of around 6%, or 16 years average life.

REVENUE

Average revenue, as shown in Table 26, was up 10.9%. A check of the 1988-89 results using the revenue to GFA utilization versus the utilization rule developed in the 1974-75 report shows the following:

REVENUE / GFA VERSUS PERCENT UTILIZATION

	Total Revenue to GFA	/	Percent Utilization	=	Factor	Judgment
All Ski Areas	41%	/	33%	=	1.24	Good
Top Half Profit	52%	/	24%	=	1.53	Excellent
Bottom Half Profit	36%	/	32%	=	1.12	Fair
Loss	28%	/	31%	=	0.90	Poor

This rule-of-thumb measure summarizes all of the critical economic variables (capacity, utilization, length of season, revenue per skier visit) and relates them to investment. When the revenue/GFA ratio exceeds utilization, the component variables are in balance. When utilization exceeds the revenue/GFA ratio, one or more component variables are impairing a ski area's ability to make profits commensurate with the risks. This factor analysis is derived from the income potential to capital cost (GFA) ratio used to evaluate the conceptual feasibility of a new or expanded ski area.

The 1988-89 ratio of revenue to GFA (41%) is a slight decrease over the 1987-88 figure of 43%. This subject is discussed in more detail in Chapter V.

EXPENSES

Direct operating expenses (ski lift direct expense, ski lift payroll taxes, and property operation) were up 9.1%. (See Table 26.)

BALANCE SHEET

Balance sheet data is summarized in Table 30. The basic balance sheet data remained unchanged. Working capital is adequate, and the current ratio is an adequate 1.2/1.

Table 31 summarizes the traditional measures of business health.

U.S. FOREST SERVICE PERMITTEES

Again, the 1988-89 study contained a separate computer run for the 57 ski areas operating with a USFS special use permit.

The average profile differs mainly in geographic location, size, and length of season. The economic characteristics and financial performance indicators are fairly similar to other areas. USFS permittees are found mainly in the Rockies and the West, and they are more heavily represented among the vacation destination ski areas at some distance from population centers.

TABLE 26

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT

	1988-89 Total (000)	1987-88 Total (000)	Percent Change	1988-89 USFS Permittees	Your Ski Area
Gross Fixed Assets	***$13,842***	***$11,757***	***17.7%***	***$15,755***	$_____
Revenue					
Ski Lift Gross—Winter	$ 4,326	$ 3,828	13.0%	$ 5,859	$_____
Ski Lift Gross—Summer	74	49	15.0	100	_____
Supporting Margin—Winter	981	920	6.6	1,134	_____
Supporting Margin—Summer	63	79	- 20.3	2	_____
Year-Round Margin	215	226	- 4.9	152	_____
Total Revenue	***$ 5,658***	***$ 5,102***	***10.9%***	***$ 7,247***	$_____
Expenses and Allocations					
Ski Lift Direct Expense	$ 1,153	$ 987	16.8%	$ 1,488	$_____
Payroll Taxes	135	115	17.4	205	_____
Property Operation	154	220	- 30.0	139	_____
Subtotal, Expenses and Allocations	*$ 1,442*	*$ 1,322*	*9.1%*	*$ 1,832*	$_____
Operations Margin	***$ 4,217***	***$ 3,780***	***11.6%***	***$ 5,415***	$_____
Common Expenses					
General and Administrative	$ 853	$ 761	12.1%	$ 1,148	$_____
Marketing (advertising, public relations, promotion, etc.)	417	376	10.9	478	_____
Insurance (property, liability)	373	399	- 6.5	503	_____
Land Use Fees (public)	79	80	- 1.3	163	_____
Land Use Fees (private)	60	45	33.3	76	_____
Property Taxes	102	89	14.6	139	_____
Other Taxes (except income)	18	30	- 41.9	26	_____
Snowmaking	251	207	21.3	178	_____
Snow Removal	18	16	12.5	25	_____
Miscellaneous	143	253	- 43.4	198	_____
Depreciation and Amortization	741	729	1.6	941	_____
Subtotal, Common Expenses	*$ 3,054*	*$ 2,985*	*2.4%*	*$ 3,875*	$_____
Operating Profit (Loss)	***$ 1,163***	***$ 795***	***46.2%***	***$ 1,540***	$_____
Interest Expense	*$ 461*	*$ 427*	*8.0%*	*$ 560*	$_____
Profit (Loss) before Tax	***$ 701***	***$ 368***	***90.4%***	***$ 980***	$_____
Base	**138**	**138**		**57**	

TABLE 27

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

	PLUS		LESS				EQUALS
	Gross Sales (000)	*Concession Revenue (000)*	*Cost of Goods Sold (000)*	*Direct Labor (000)*	*Direct Other (000)*	*Payroll Taxes (000)*	*Gross Margin (000)*
Winter Season							
Ski Lift Department	$4,326	$ —	$ —	$ 662	$ 429	$ 129	$3,106
Ski School	466	3	—	214	32	41	182
Food Service	706	26	229	184	71	30	217
Bar	216	10	58	36	22	5	104
Retail Store	316	22	162	32	14	6	125
Rental Shop	288	15	34[a]	55	15	10	189
Accommodations	310	1	—	83	93	14	121
Other	200	4	10	85	46	21	43
SUBTOTAL, WINTER	*$6,828*	*$ 80*	*$ 492*	*$1,351*	*$ 722*	*$ 256*	*$4,087*
Year-Round							
Real Estate	$ 413	$ 0	$ 175	$ 11	$ 80	$ 2	$ 146
Utility	50	0	—	22	40	4	- 15
Miscellaneous	119	2	7	14	13	3	83
SUBTOTAL, YEAR-ROUND	*$ 582*	*$ 2*	*$ 182*	*$ 47*	*$ 133*	*$ 8*	*$ 215*
Summer Season							
Lift Department	$ 74	$ —	$ —	$ 35	$ 28	$ 5	$ 6
Food Service	130	2	44	49	18	8	12
Retail Store	30	2	15	8	4	1	5
Sports Department	56	0	—	21	15	2	18
Accommodations	84	0	—	33	26	5	20
Slide	57	0	0	12	6	2	37
Other	24	0	2	16	30	6	- 28
SUBTOTAL, SUMMER	*$ 455*	*$ 4*	*$ 60*	*$ 174*	*$ 127*	*$ 29*	*$ 69*
TOTAL	*$7,865*	*$ 87*	*$ 734*	*$1,571*	*$ 982*	*$ 294*	*$4,371*[b]
Base	138	138	138	138	138	138	138

[a] Represents retirement and replacement of rental equipment.

[b] This figure does not include property operation.

TABLE 28

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT

PERCENT OF REVENUE

	1988-89 TOTAL	1987-88 TOTAL	1988-89 USFS PERMITTEES	YOUR SKI AREA
Revenue				
Ski Lift Gross—Winter	76.5%	75.0%	80.9%	_____%
Ski Lift Gross—Summer	1.3	1.0	1.4	_____
Supporting Margin—Winter	17.3	18.0	15.6	_____
Supporting Margin—Summer	1.1	1.6	0.0	_____
Year-Round Margin	3.8	4.4	2.1	_____
TOTAL REVENUE	*100.0%*	*100.0%*	*100.0%*	_____%
Expenses and Allocations				
Ski Lift Direct Expense	20.4%	19.3%	20.5%	_____%
Payroll Taxes	2.4	2.3	2.8	_____
Property Operation	2.7	4.3	1.9	_____
SUBTOTAL, EXPENDITURES	*25.5%*	*25.9%*	*25.3%*	_____%
OPERATIONS MARGIN	*74.5%*	*74.1%*	*74.7%*	_____%
Common Expenses				
General and Administrative	15.1%	14.9%	15.8%	_____%
Marketing (advertising, public relations, promotion, etc.)	7.4	7.4	6.6	_____
Insurance (property, liability)	6.6	7.8	6.9	_____
Land Use Fees (public)	1.4	1.5	2.3	_____
Land Use Fees (private)	1.1	0.9	1.0	_____
Property Taxes	1.8	1.7	1.9	_____
Other Taxes (except income)	0.3	0.6	0.4	_____
Snowmaking	4.4	4.0	2.5	_____
Snow Removal	0.3	0.3	0.3	_____
Miscellaneous	2.5	5.1	2.7	_____
Depreciation and Amortization	13.1	14.3	13.0	_____
SUBTOTAL, COMMON EXPENSES	*54.0%*	*58.5%*	*53.5%*	_____%
OPERATING PROFIT (LOSS)	*20.5%*	*15.6%*	*21.2%*	_____%
INTEREST EXPENSE	*8.2%*	*8.4%*	*7.7%*	_____%
PROFIT (LOSS) BEFORE TAX	*12.4%*	*7.2%*	*13.5%*	_____%
Base	138	138	57	

TABLE 29

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT

PERCENT OF GROSS FIXED ASSETS

	1988-89 TOTAL	1987-88 TOTAL	1988-89 USFS PERMITTEES	YOUR SKI AREA
GROSS FIXED ASSETS	***100.0%***	***100.0%***	***100.0%***	_____%
Revenue				
Ski Lift Gross—Winter	31.3%	32.6%	37.2%	_____%
Ski Lift Gross—Summer	0.5	0.4	0.6	_____
Supporting Margin—Winter	7.1	7.8	7.2	_____
Supporting Margin—Summer	0.5	0.7	0.0	_____
Year-Round Margin	1.6	1.9	1.0	_____
TOTAL REVENUE	***40.9%***	***43.4%***	***46.0%***	_____%
Expenses and Allocations				
Ski Lift Direct Expense	8.3%	8.4%	9.4%	_____%
Payroll Taxes	1.0	1.0	1.3	_____
Property Operation	1.1	1.8	0.9	_____
SUBTOTAL, EXPENSES AND ALLOCATIONS	*10.4%*	*11.2%*	*11.6%*	_____%
OPERATIONS MARGIN	***30.5%***	***32.2%***	***34.4%***	_____%
Common Expenses				
General and Administrative	6.2%	6.4%	7.3%	_____%
Marketing (advertising, public relations, promotion, etc.)	3.0	3.2	3.0	_____
Insurance (property,liability)	2.7	3.4	3.2	_____
Land Use Fees (public)	0.6	0.7	1.0	_____
Land Use Fees (private)	0.4	0.4	0.5	_____
Property Taxes	0.7	0.8	0.9	_____
Other Taxes (except income)	0.1	0.3	0.2	_____
Snowmaking	1.8	1.8	1.1	_____
Snow Removal	0.1	0.1	0.2	_____
Miscellaneous	1.0	2.1	1.3	_____
Depreciation and Amortization	5.3	6.2	6.0	_____
SUBTOTAL, COMMON EXPENSES	*22.1%*	*25.4%*	*24.6%*	_____%
OPERATING PROFIT (LOSS)	***8.4%***	***6.8%***	***9.8%***	_____%
INTEREST EXPENSE	*3.3%*	*3.7%*	*3.6%*	_____%
PROFIT (LOSS) BEFORE TAX	***5.1%***	***3.1%***	***6.2%***	_____%
Base	138	138	57	

TABLE 30

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET

	1988-89 (000)	1988-89 Total Percent	1987-88 (000)	1987-88 Total Percent	USFS Permittees (000)
Assets					
Current Assets	$ 1,536	13.1%	$ 1,749	16.4%	$ 1,844
Gross Fixed Assets	14,603	124.4	12,184	114.5	16,950
Minus: Depreciation	(5,805)	(49.5)	(4,882)	(45.9)	(6,983)
Other Assets	1,404	12.0	1,590	15.0	2,025
Total Assets	*$11,738*	*100.0%*	*$10,641*	*100.0%*	*$13,836*
Liabilities					
Current Liabilities	$ 1,308	11.1%	$ 1,288	12.1%	$ 1,809
Long-Term Debt	4,344	37.0	4,291	40.3	4,995
Subordinated Debt	1,180	10.1	809	7.6	1,195
Deferred Taxes	226	1.9	128	1.2	140
Other Liabilities	589	5.0	366	3.4	249
Subtotal, Liabilities	*$ 7,647*	*65.1%*	*$ 6,882*	*64.6%*	*$ 8,389*
Net Worth					
Invested	$ 2,790	23.8%	$ 2,843	26.7%	$3,082
Retained Earnings	1,379	11.7	972	9.1	2,471
Minus: Treasury Stock	(79)	(0.7)	(56)	(0.4)	(105)
Subtotal, Net Worth	*$ 4,091*	*34.9%*	*$ 3,759*	*35.4%*	*$5,447*
Total Liabilities and Net Worth	*$11,738*	*100.0%*	*$10,641*	*100.0%*	*$13,836*
Base	125		131		57

TABLE 31

BALANCE SHEET RATIOS

	1988-89	1987-88	1986-87	1985-86
Net Working Capital (000)	$227	$461	$433	$335
Current Ratio	1.2/1	1.4/1	1.4/1	1.2/1
Percent Debt	55%	65%	63%	66%
Percent Equity	45%	35%	37%	34%
Debt to Cash Flow	3.8X	4.6X	5.7X	6.0X

IV

ECONOMIC RATIOS

The 1973-74 study introduced the economic ratios contained in this chapter. The objective was to identify and summarize three measures of profitability and five critical variables that help to explain performance.

The reader is again cautioned to review the precise definitions of terms contained in Appendix C. There is a myriad of different methods of measuring profitability and performance. These eight critical ratios were developed by Ted Farwell, a member of the USIA Economic Study Committee. They do not purport to be the only system, but rather to be one simple method of analyzing operating results.

Table 32 summarizes the eight critical ratios and illustrates the data required to construct each ratio. The source of these figures are Tables 26 and 30. There are similar tables in the subsequent chapters, presenting the eight critical variables in terms of profitability, geographic region, size, type, days of operation, and snowmaking and night operations.

Once again, separate utilization percentages are reported for day and night, in addition to the figure for Average Utilization. The data reported for day utilization and night utilization is based on information reported by those areas that could provide a breakdown between day and night skier visits.

HOW TO CALCULATE THE RATIOS

The following text notes refer to Table 32 and to related tables in subsequent chapters. Most of the variables used in these calculations are noted in the "Construction Key" column of this table. Others are obtained from Tables 18, 26, and 30.

1. **Debt to cash flow** is a rough measure of the number of years that will be required at this cash flow to retire debt. This ratio is calculated by dividing the total **long-term debt (M)** (not including current liabilities) by the **before-tax cash flow (I)**. Before-tax cash flow is calculated by adding back the non-cash expense of **depreciation (H)** to the **profit (loss) before tax (G)**.

2. **Operating profit on GFA** is, in our opinion, the primary ratio to describe profitability. Since it is a ratio before financing costs, it allows for the comparison of operating results between areas with conservative management and minimum debt and those with maximum leverage. It also elimnates the swings in profitability occasioned by the accumulation of several years of losses into the balance sheet. This ratio is calculated by dividing the **operating profit (loss)** (**J**) by the **gross fixed assets** (**L**). Operating profit is calculated before interest expense.

3. **Profit (before tax) on equity** is the second measure of profitability and is the closest one can come, when considering ski areas, to the traditional "return on equity" measure of business profitability. Traditional measures are in "after-tax" returns. However, two characteristics of the ski industry make after-tax calculations next to meaningless:

   a. Many ski areas are subsidiaries of larger corporations, and the tax consequences of their ski area profits (losses) are lost in the consolidation.

   b. Many ski areas have loss-carry-forward balances to offset current profits, and their current taxes would not reflect normal operations.

   In general, the reader seeking the comparable "after-tax" return may approximate this by cutting the before-tax figure in half (considering both federal and state income tax liabilities).

   This ratio is calculated by dividing **profit (loss) before tax** (**G**) by **equity** (**N**). Equity equals invested capital plus retained earnings minus treasury stock (Table 30). The reader should be aware that, because of the areas' accumulated losses, 29% of the respondents reported negative retained earnings, and 19% showed no invested capital.

4. **Average utilization** measures actual skier visits as a percentage of season capacity skier visits. **Season capacity** skier visits (**E**) is an average of reporting ski areas' season capacities. A ski area's season capacity is computed as the product of the ski area's calculated capacity and its equivalent day/nights of operation.

   The average utilization measure had somewhat limited usefulness in the earlier studies. The 1975-76 survey included a more meaningful estimate of capacity: respondents reported separately the number of days when all ski lifts were open and the number of days when operations were limited (and the degree of limitation) due to lack of snow or other capacity-limiting factors. The 1976-77 survey included nights of operation and the proportion of the area open at night.

Since 1977-78, the survey has incorporated both of these refinements. Actual days/nights of operation are thus adjusted downward to create "equivalent days/nights of operation." Please note than average **skier capacity** (C) times average equivalent **days/nights of operation** (D) will not equal average **season capacity** (E). This is because **season capacity** (E) is the average of all 138 areas' individual season capacities and is, of course, weighted by both sizes of the areas and the lengths of their seasons.

Average utilization is calculated by dividing **actual skier visits** (F) by computed **season capacity** (E). Utilization is expressed as a percent of available season capacity.

5. **Days/nights of operation** (Table 4) are the equivalent days and nights that ski areas were open and operating. Theoretically, when computing season capacity, one assumes that all lifts and trails are open each operating period, or, at least, each area is capable of handling the "comfortable capacity" crowd each period that they are operating. Since this is not always true, all studies since 1975-76 have adjusted for this factor by computing and reporting *equivalent* days/nights of operation. Days/nights of operation were selected as one of eight critical variables to highlight their important effect on profitability.

6. The **capital cost/capacity** ratio is designed to provide a relative measure of a ski area's site, design, and construction attributes. This ratio is calculated by dividing the **GFA** (L) by the daily, calculated **skier capacity** (C). The rationale for obtaining a skier capacity measure was discussed earlier, and judgments may be evaluated by referring to Table 16.

7. The **operating cost/capacity** ratio is designed as a comparable method of measuring operating cost efficiency. This measure reduces all the cash operating costs (excluding depreciation and interest) to a common denominator. It is calculated by dividing **cash operating costs** (K) by **season capacity** (E). Costs are thus reduced to the cost of providing one skier (capacity) with one equivalent day/night of operation. In general, a ski area with a higher-than-average cash operating cost/season capacity ratio in its appropriate size, location, or operating days category (see subsequent chapters) may well benefit by taking a close look at expenses.

8. **Total revenue/skier visit** is a measure of the actual revenue received by the ski area from each skier each day. The definition is very important to assess the usefulness of this measure. *Revenue* includes both gross revenue from ski lift ticket sales and the margin, or contribution, from the other typical supporting services. This method was selected in order to equate ski areas who concession some or all of these supporting service operations, and thus report only a concession fee, with those who operate each service as a department.

This index is calculated by dividing revenues by skier visits; however, this measure does not use either accommodations or year-round or summer revenues, as they do not relate directly to skier visits.

TABLE 32

ECONOMIC RATIOS

Text Note	Factor or Ratio	Construction Key	Total 1988-89	Total 1987-88	Percent Change	1988-89 USFS Permittees	Your Ski Area
	KEY FACTORS						
	VTF/Hour (000)[a]	A	8,043	7,749	3.8%	10,747	_____
	VTF/Hour--Demand/Skier Capacity[b]	B	1,500	1,500	0.0%	1,500	_____
	Skier Capacity	C	5,362	5,166	3.8%	7,164	_____
	Days/Nights of Operation[a]	D	125	127	- 1.6%	132	_____
	Season Capacity (000)	E	706	677	4.3%	1,002	_____
	Day Season Capacity (000)		657	620	6.0%	970	_____
	Night Season Capacity (000)		110	112	- 1.8%	102	_____
	Actual Skier Visits (000)[a]	F	231	224	3.1%	302	_____
	Day Skier Visits (000)[c]		216	213	1.4%	298	_____
	Night Skier Visits (000)[c]		35	39	- 10.3%	22	_____
	Profit (Loss) before Tax (000)[d]	G	$ 701	$ 368	90.5%	$ 980	$_____
	Plus: Depreciation (000)[d]	H	$ 741	$ 729	1.6%	$ 941	$_____
	Before-Tax Cash Flow (000)[e]	I	$ 1,442	$ 1,097	31.4%	$ 1,922	$_____
	Operating Profit (Loss) (000)[d]	J	$ 1,163	$ 795	46.3%	$ 1,540	$_____
	Cash Operating Costs (000)[f]	K	$ 3,755	$ 3,579	4.9%	$ 4,766	$_____
	Gross Fixed Assets (000)[d]	L	$13,842	$11,757	17.7%	$15,755	$_____
	Long-Term Debt (000)[g]	M	$ 5,524	$ 5,100	8.3%	$ 6,191	$_____
	Equity (000)[h]	N	$ 4,091	$ 3,759	8.8%	$ 5,448	$_____

Continued ...

TABLE 32 (CONTINUED)

ECONOMIC RATIOS

Text Note	Factor or Ratio	Total 1988-89	Total 1987-88	Percent Change	1988-89 USFS Permittees	Your Ski Area
	CRITICAL RATIOS					
1,A	*Health (Debt to Cash Flow)*[j]	3.8X	4.6X	- 17.4%	3.2X	_____X
B	*Profitability*					
2	Operating Profit on GFA[i]	8.4%	6.8%	23.5%	9.8%	_____%
3	Profit (BT) on Equity[k]	17.1%	9.8%	74.5%	18.0%	_____%
C	*Performance*					
4	Average Utilization[a]	32.7%	33.1%	- 1.2%	30.1%	_____%
	Day Utilization	32.9%	34.4%	- 4.4%	30.7%	_____%
	Night Utilization	31.7%	34.9%	- 9.2%	21.4%	_____%
5	Days/Nights of Operation[a]	125	127	- 1.4%	132	_____
D	*Policy and Planning*					
6	Capital Cost/Capacity[l]	$2,581	$2,276	13.4%	$2,199	$_____
7	Operating Cost/Capacity[m]	$ 5.32	$ 5.28	0.6%	$ 4.76	$_____
E	*Revenue/Skier Visit (Average for All Areas)*					
	Ski Lift Gross	$ 18.77	$ 17.09	9.8%	$ 19.42	$_____
	Ski School Margin	$ 0.79	$ 0.72	9.7%	$ 0.80	$_____
	Food Service Margin	$ 0.94	$ 0.86	9.3%	$ 1.02	$_____
	Bar Margin	$ 0.45	$ 0.44	2.3%	$ 0.40	$_____
	Ski Shop Margin	$ 0.54	$ 0.59	- 8.5%	$ 0.55	$_____
	Ski Rental Margin	$ 0.82	$ 0.84	- 2.4%	$ 0.60	$_____
	Other Margin	$ 0.19	$ 0.19	0.0%	$ 0.15	$_____
8	*Total Revenue/Skier Visit*	*$ 22.50*	*$ 20.73*	*8.5%*	*$ 22.95*	*$_____*
	Base	138	138		57	

[a] See Table 4.

[b] B = A / C.

[c] See Table 18.

[d] See Table 26.

[e] I = G + H.

[f] Using figures from Table 26, K = Total Revenue — Profit (Loss) before Tax — Depreciation and Amortization — Interest.

[g] Using figures from Table 30, M = Long-term Debt + Subordinated Debt.

[h] Using figures from Table 30, N = Invested Net Worth + Retained Earnings — Treasury Stock.

[i] Ratio = M / I.

[j] Ratio = J / L.

[k] Ratio = G / N.

[l] Ratio = L / C.

[m] Ratio = K / E.

WHAT THE RATIOS MEAN

The following text notes refer to Table 32 and to related tables in subsequent chapters.

A Ski Industry **Health (Debt to Cash Flow)**: In 1988-89, the ski industry slightly improved its ability to retire debt. Average **long-term debt** obligations are 3.8 times the **before-tax cash flow**. Assuming income taxes are 50% of income before tax, cash flows are adequate to retire debt in approximately 5.0 years.

B Ski Industry **Profitability**: **Operating profit** as a percent of **gross fixed assets** is 8.4%. This is an increase from last year's 6.8%.

Profit (before tax) on equity is at 17.1%, up from last year's 9.8% and 1986-87's 3.2%.

C. Ski Industry **Performance**: Average skier visits were up by 3.1%.

D. **Policy and Planning** Ratio: The two cost/capacity ratios measure design and operating efficiency. The benchmarks established by the total sample should be attainable and probably represent an adequate norm.

The **capital cost/capacity** ratio must be adjusted upward by an appropriate inflation index to be used for current new construction planning.

The daily cash **operating cost/capacity** ratio, at $5.32, is up slightly from the 1987-88 index of $5.28 and above the $4.87 recorded in 1986-87. The change by category looks like this:

CASH COST/SEASON CAPACITY

	1988-89	1987-88	CHANGE
Ski Lift Direct	$1.63	$1.46	Up 11.6%
Payroll Taxes	0.19	0.17	Up 11.8%
Property Operation	0.22	0.32	Down 31.3%
Snowmaking and Snow Removal	0.38	0.33	Up 15.2%
General, Administrative, and Miscellaneous	1.41	1.50	Down 6.0%
Marketing	0.59	0.55	Up 7.3%
Insurance	0.53	0.59	Down 10.2%
Land Use Fees	0.20	0.18	Up 11.1%
Property Taxes	0.14	0.13	Up 7.7%
Other Taxes	0.03	0.05	Down 40.0%
TOTAL	***$5.32***	***$5.28***	***UP 0.8%***
Base	138	138	

E. **Revenue per Skier Visit**: The 1988-89 **revenue per skier visit** was up 8.5% to $22.50. Overall margins increased in the ski school, food services, and bar categories. Overall margins decreased in the ski shop and rental categories.

TABLE 33

REVENUE PER SKIER VISIT

	1988-89	1987-88	1986-87	1985-86
Ski Lift Gross	$18.77	$17.09	$15.89	$15.68
Ski School Margin	0.79	0.72	0.60	0.61
Food Service Margin	0.94	0.86	0.77	0.68
Bar Margin	0.45	0.44	0.38	0.38
Ski Shop Margin	0.54	0.59	0.45	0.41
Rental Margin	0.82	0.84	0.77	0.71
Other Margin	0.19	0.19	0.18	0.24
TOTAL	***$22.50***	***$20.73***	***$19.04***	***$18.71***
Base	138	138	134	124

V

PROFITABILITY

The 1988-89 ski season recorded operating profits that were up from 1987-88 in dollar amounts; however, fewer ski areas showed operating profits. Operating profit on gross fixed assets was 8.4% for the average ski area in the study (up from 6.8% in 1987-88), 16.6% for the top half of the profitable ski areas and 6.3% for the bottom half.

This chapter makes a comprehensive analysis of profitability, its probable causes, current trends, and proposed solutions. Data are presented in three categories, those for the top half of the profitable areas, those for the bottom half of the profitable areas, and those for areas recording losses. Again, the reader is urged to carefully read the definitions of profitability used in this study (Appendix C), since this chapter treats profitability in a non-typical, but hopefully more meaningful, way. By defining profitability in terms of operating profit rather than profit before income taxes, the study shows 105 profitable areas rather than 91, and 33 areas with a loss rather than 47. Basing this analysis on operating profit also allows a number of additional meaningful comparisons to be made, especially comparisons of areas with varying capital structures. Due to the large number of tables presented, most will be found at the end of the chapter.

The proportion of ski areas showing operating profits decreased from 1987-88. Table 34 summarizes six profit indicators.

TABLE 34

HISTORICAL COMPARATIVE MEASURES OF PROFITABILITY

	1988-89	1987-88	1986-87	1985-86
Ski Areas Reporting Operating Profits	76.1%	82.6%	75.4%	70.2%
Operating Profit on GFA	8.4%	6.8%	4.9%	5.2%
Profit (BT) on Equity	17.1%	9.8%	3.2%	2.8%
Profit (BT) on GFA	5.1%	3.1%	1.1%	1.0%
Profit (BT) on Revenue	12.4%	7.2%	2.8%	2.4%
Profit (BT) in Dollars (000)	$701	$368	$120	$105
Base	138	138	134	124

This chapter isolates both the physical and the economic characteristics of profitable areas and compares them with the characteristics of areas recording losses to see if any significant insights result. Table 35 presents a summary of the ski area characteristics for areas divided into three categories of profitability. Tables 36 through 39 contain income statement and balance sheet data in these three categories. The 105 profitable ski areas were considered profitable based upon their ability to show an operating profit, i.e., before subtracting interest. Fourteen of these profitable areas did record losses after subtracting interest costs. The top half were selected based upon their return on GFA, i.e., as opposed to dollar amounts of profits. Table 40 contains the critical economic ratios.

CHARACTERISTICS OF THE TOP HALF OF THE PROFITABLE SKI AREAS

The same five characteristics as in past studies are identified as the probable causes for higher profitability.

PROBABLE CAUSE	MEASURE	INDEX[a]
1. Equivalent Days/Nights	130	1.04
2. Revenue/Skier Visit	$23.65	1.05
3. Capital Cost/Capacity Ratio	$2,196	0.85
4. Size (VTF/Hour)	9,647	1.20
5. Available Beds	5,459	1.25
RESULTING EFFECT	**MEASURE**	**INDEX[a]**
Average Utilization	33.9%	1.04
Operating Profit (000)	$2,346	2.02
Operating Profit on GFA	16.6%	1.98

[a] The index represents the relationship of this measure to the average ski area measure.

In 1988-89, the top profit ski areas performed better than the average ski area on all measures.

None of the factors alone fully explains the better profitability; however, each favorable factor has a small effect, and together they can affect profits dramatically.

1. Length of Season: Typically, the top profit ski areas enjoy a relatively longer season. The 52 top profit ski areas recorded 130 equivalent days/nights of operation, which was 4% above the average and 23% above the loss areas. These 130 days/nights were fewer than the 135 equivalent days/nights recorded in 1987-88.

   The favorable season length helped keep the top profit areas relatively profitable. Its effect is shown in Chapter VIII, where Table 90 shows that the 17 ski areas that operated 160 days and over recorded a 9.2% operating profit on gross fixed assets, while the 5 areas open fewer than 80 days reported a 1.5% operating profit on gross fixed assets.

2. Revenue per Skier Visit: Normally, the most profitable ski areas also have the highest average revenue per skier visit. This was the case in 1988-89. Revenue per skier visit for the top profit areas was $23.65, for the bottom profit areas was $21.39, and for the loss areas was $21.81.
3. Capital Cost/Capacity Ratio: The top half profit areas were below the industry average, while the loss ski areas were well above the average capital cost/capacity ratio in 1988-89.
4. Type and Size of Area: Typically, it is the most profitable ski areas that have the largest number of equivalent days/nights of operation, the most skiable acres, the largest gross fixed assets, and the most VTF per hour. While this was true for the most skiable acres and the most VTF per hour, in 1988-89 it was the bottom profit ski areas that had the largest number of equivalent days/nights of operation and the largest gross fixed assets.

CHARACTERISTICS OF THE BOTTOM HALF OF THE PROFITABLE SKI AREAS

The major reason for the lower profitability reported by the bottom half of the profitable ski areas is a higher capital cost/capacity rate and lower revenue per skier visit compared to the top half of the profitable areas; however, the cause is not readily apparent. These areas had a slightly longer operating season and had fewer available beds than the top profit areas. The indexes, or relative measures, of the five variables identified earlier are summarized below.

None of these factors alone explains the poorer profitability. However, the combination of higher capital cost/capacity rate, lower revenue per skier visit, and fewer beds creates only marginal profits.

Probable Cause	Measure	Index
1. Equivalent Days/Nights	133	1.06
2. Revenue/Skier Visit	$21.39	0.95
3. Capital Cost/Capacity Ratio	$2,903	1.12
4. Size (VTF/Hour)	8,197	1.02
5. Available Beds	4,021	0.92
Resulting Effect	**Measure**	**Index**
Average Utilization	31.9%	0.98
Operating Profit (000)	$1,000	0.86
Operating Profit on GFA	6.3%	0.75

CHARACTERISTICS OF THE LOSS SKI AREAS

The same five probable causes as applied to the loss areas illustrate the following:

PROBABLE CAUSE	MEASURE	INDEX
1. Equivalent Days/Nights	106	0.84
2. Revenue/Skier Visi	$21.81	0.97
3. Capital Cost/Capacity Ratio	$2,889	1.12
4. Size (VTF/Hour)	5,268	0.66
5. Available Beds	3,197	0.73
RESULTING EFFECT	**MEASURE**	**INDEX**
Average Utilization	30.5%	0.93
Operating Profit (000)	($441)	—
Operating Profit on GFA	Loss	—

An analysis of the five causes shows which combine to create losses.

1. Length of Season: The shorter operating season is a major cause. The 33 loss areas averaged 69 days of full operation, 24 days when less than fully but better than half open, and 23 days when less than half open. Their equivalent days/nights amounted to 91% of their actual days open. However, their equivalent days/nights of operation is only 85% of the average for all reporting ski areas.
2. Revenue/Skier Visit: Past studies identified discounting as a cause of lost revenue, and this may be the case again in 1988-89. Revenue per skier visit is 97% of the industry average, and 92% of the top profit areas.
3. Cost Factors: A major shortcoming of the loss areas involves a capital cost/capacity about 12% higher than average, coupled with an extremely high operating cost/capacity ratio of $7.17, 35% higher than the average ski area. The key to profitability is to control cost and increase utilization.
4. Size: Size does not appear to be an important factor, even though the loss areas were smaller than the top profit areas and the bottom profit areas.
5. Available Beds: This factor does not appear significant, even though the loss areas had a smaller number of beds than the top profit areas, since the number of beds was above the industry average and exceeded the bottom profit areas by a wide margin.

The identified basic short-comings of length of season, cost factors, and utilization have created losses and must be remedied to return to profitability.

SUMMARY

These various favorable and unfavorable economic characteristics may be summarized using the rule-of-thumb ratio, or factor, of *total revenue as a percent of GFA* to *utilization*.

	Total	Top Half Profit	Bottom Half Profit	Loss
Number of Areas	138	52	53	33
Total Revenue/GFA	41%	52%	36%	28%
Utilization	33%	34%	33%	31%
Factor	1.24	1.53	1.13	0.9
Judgment	Good	Excellent	Marginal	Poor

A factor of less than 1.00 indicates that one or more of the critical characteristics are out of balance.

TABLE 35

AVERAGE SKI AREA CHARACTERISTICS, BY PROFITABILITY

	Total	Top Half Profit	Bottom Half Profit	Loss
Size				
VTF/Hour (000)	8,043	9,647	8,197	5,268
Gross Fixed Assets (000)	$13,842	$14,123	$15,866	$10,146
Skiable Acres	644	790	688	345
Total Acres	1,811	2,087	1,873	1,276
Location				
Within 50 Miles of SMSA	40%	37%	40%	45%
With 6 or More Areas within 1 Hour	35%	38%	23%	48%
New England	19%	15%	17%	27%
East	17%	17%	9%	27%
Midwest	9%	6%	13%	9%
Central Rockies	14%	13%	17%	12%
Northern Rockies	9%	12%	9%	3%
California and Nevada	13%	17%	13%	6%
Pacific Northwest	8%	6%	13%	3%
Western Canada	11%	13%	8%	12%

Continued ...

TABLE 35 (CONTINUED)

AVERAGE SKI AREA CHARACTERISTICS, BY PROFITABILITY

	Total	Top Half Profit	Bottom Half Profit	Loss
Site Characteristics				
Number of Beds at Base[a]	1,833	2,573	698	2,065
Number of Beds (10 miles)[a]	4,374	5,459	4,021	3,197
With Snowmaking	70%	65%	66%	85%
With Night Skiing	44%	42%	57%	27%
Terrain				
Beginner	25%	25%	24%	25%
Intermediate	48%	45%	48%	53%
Expert	27%	30%	28%	22%
Business Characteristics				
Operating with USFS Permit	41%	46%	53%	15%
Engaged in Land Development	41%	52%	32%	39%
Operational Characteristics				
Average Days/Nights of Operation	125	130	133	106
Average Peak Day Crowd	5,080	5,945	5,271	3,412
Average Skier Visits (000)	231	286	248	115
Average Age of Ski Areas	29	28	29	29
Economic Characteristics				
Average Revenue/Skier Visit	$ 22.50	$ 23.65	$ 21.39	$ 21.81
Average Lift Ticket Revenue/Skier Visit	$ 18.77	$ 19.60	$ 17.95	$ 18.34
Average Adult Lift Ticket Price				
Weekend	$ 25.03	$ 26.29	$ 23.83	$ 24.97
Weekday	$ 22.54	$ 23.59	$ 21.94	$ 21.91
Average Night Ticket Price				
Weekend	$ 13.37	$ 14.31	$ 12.92	$ 12.56
Weekday	$ 12.83	$ 13.85	$ 12.19	$ 12.44
Average Adult Season Ticket Price	$443	$ 459	$435	$434
Average Utilization	33%	34%	32%	31%
Average Profit (Loss) before Tax	$701	$1,864	$484	($782)
Ratio: Revenue/GFA	41%	52%	36%	28%
Base	**138**	**52**	**53**	**33**

[a] For those areas reporting beds.

TABLE 36

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)	Your Ski Area
Gross Fixed Assets	*$13,842*	*$14,123*	*$15,866*	*$10,146*	$_____
Revenue					
Ski Lift Gross—Winter	$ 4,326	$ 5,614	$ 4,447	$ 2,102	$_____
Ski Lift Gross—Summer	74	49	91	83	_____
Supporting Margin—Winter	991	1,283	972	518	_____
Supporting Margin—Summer	63	82	82	5	_____
Year-Round Margin	215	344	149	117	_____
Total Revenue	*$ 5,652*	*$ 7,371*	*$ 5,741*	*$ 2,825*	$_____
Expenses and Allocations					
Ski Lift Direct Expense	$ 1,153	$ 1,365	$ 1,206	$ 733	$_____
Payroll Taxes	135	180	125	80	_____
Property Operation	154	178	120	170	_____
Subtotal, Expenses and Allocations	*$ 1,441*	*$ 1,722*	*$ 1,451*	*$ 983*	$_____
Operations Margin	*$ 4,217*	*$ 5,649*	*$ 4,290*	*$ 1,842*	$_____
Common Expenses					
General and Administrative	$ 853	$ 843	$ 1,015	$ 610	$_____
Marketing (advertising, public relations, promotion, etc.)	417	507	382	332	_____
Insurance (property, liability)	373	371	439	272	_____
Land Use Fees (public)	79	90	103	24	_____
Land Use Fees (private)	60	96	42	32	_____
Property Taxes	102	122	107	62	_____
Other Taxes (except income)	18	30	11	11	_____
Snowmaking	251	291	188	289	_____
Snow Removal	18	29	14	7	_____
Miscellaneous	143	133	195	76	_____
Depreciation and Amortization	741	793	795	570	_____
Subtotal, Common Expenses	*$ 3,054*	*$ 3,303*	*$ 3,290*	*$ 2,283*	$_____
Operating Profit (Loss)	*$ 1,163*	*$ 2,346*	*$ 1,000*	*($ 441)*	$_____
Interest Expense	*$ 461*	*$ 482*	*$ 516*	*$ 341*	$_____
Profit (Loss) before Tax	*$ 701*	*$ 1,864*	*$ 484*	*($ 782)*	$_____
Base	138	52	53	33	

TABLE 37

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY PROFITABILITY

PERCENT OF GROSS FIXED ASSETS

	Total	Top Half	Bottom Half	Loss	Your Ski Area
Gross Fixed Assets	*100.0%*	*100.0%*	*100.0%*	*100.0%*	_____%
Revenue					
Ski Lift Gross—Winter	31.3%	39.7%	28.0%	20.7%	_____%
Ski Lift Gross—Summer	0.5	0.3	0.6	0.8	_____
Supporting Margin—Winter	7.1	9.1	6.1	5.1	_____
Supporting Margin—Summer	0.5	0.6	0.5	0.0	_____
Year-Round Margin	1.6	2.4	0.9	1.1	_____
Total Revenue	*40.9%*	*52.2%*	*36.2%*	*27.8%*	_____%
Expenses and Allocations					
Ski Lift Direct Expense	8.3%	9.7%	7.6%	7.2%	_____%
Payroll Taxes	1.0	1.3	0.8	0.8	_____
Property Operation	1.1	1.3	0.8	1.7	_____
Subtotal, Expenses and Allocations	*10.4%*	*12.2%*	*9.2%*	*9.6%*	_____%
Operations Margin	*30.5%*	*40.0%*	*27.0%*	*18.2%*	_____%
Common Expenses					
General and Administrative	6.2%	6.0%	6.4%	6.0%	_____%
Marketing (advertising, public relations, promotion, etc.)	3.0	3.6	2.4	3.3%	_____
Insurance (property, liability)	2.7	2.6	2.8	2.7	_____
Land Use Fees (public)	0.6	0.6	0.6	0.2	_____
Land Use Fees (private)	0.4	0.7	0.3	0.3	_____
Property Taxes	0.7	0.9	0.7	0.6	_____
Other Taxes (except income)	0.1	0.2	0.1	0.1	_____
Snowmaking	1.8	2.1	1.2	2.9	_____
Snow Removal	0.1	0.2	0.1	0.1	_____
Miscellaneous	1.0	0.9	1.2	0.7	_____
Depreciation and Amortization	5.3	5.6	5.0	5.6	_____
Subtotal, Common Expenses	*22.1%*	*23.4%*	*20.7%*	*22.5%*	_____%
Operating Profit (Loss)	*8.4%*	*16.6%*	*6.3%*	*(4.3%)*	_____%
Interest Expense	*3.3%*	*3.4%*	*3.3%*	*3.4%*	_____%
Profit (Loss) before Tax	*5.1%*	*13.2%*	*3.1%*	*(7.7%)*	_____%
Base	138	52	53	33	

TABLE 38

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY PROFITABILITY

PERCENT OF REVENUE

	Total	Top Half	Bottom Half	Loss	Your Ski Area
Revenue					
Ski Lift Gross—Winter	76.5%	76.2%	77.5%	74.4%	_____%
Ski Lift Gross—Summer	1.3	0.7	1.6	3.0	_____
Supporting Margin—Winter	17.3	17.4	16.9	18.3	_____
Supporting Margin—Summer	1.1	1.1	1.4	0.2	_____
Year-Round Margin	3.8	4.7	2.6	4.1	_____
Total Revenue	*100.0%*	*100.0%*	*100.0%*	*100.0%*	_____%
Expenses and Allocations					
Ski Lift Direct Expense	20.4%	18.5%	21.0%	25.9%	_____%
Payroll Taxes	2.4	2.4	2.2	2.8	_____
Property Operation	2.7	2.4	2.1	6.0	_____
Subtotal, Expenses and Allocations	*25.5%*	*23.4%*	*25.3%*	*34.8%*	_____%
Opepations Margin	*74.5%*	*76.6%*	*74.7%*	*65.2%*	_____%
Common Expenses					
General and Administrative	15.1%	11.4%	17.7%	21.6%	_____%
Marketing (advertising, public relations, promotion, etc.)	7.4	6.9	6.7	11.8	_____
Insurance (property, liability)	6.6	5.0	7.6	9.6	_____
Land Use Fees (public)	1.4	1.2	1.8	0.8	_____
Land Use Fees (private)	1.1	1.3	0.7	1.1	_____
Property Taxes	1.8	1.6	1.9	2.2	_____
Other Taxes (except income)	0.3	0.4	0.2	0.4	_____
Snowmaking	4.4	4.0	3.3	10.2	_____
Snow Removal	0.3	0.4	0.2	0.3	_____
Miscellaneous	2.5	1.8	3.4	2.7	_____
Depreciation and Amortization	13.1	10.8	13.8	20.2	_____
Subtotal, Common Expenses	*54.0%*	*44.8%*	*57.3%*	*80.8%*	_____%
Operating Profit (Loss)	*20.5%*	*31.8%*	*17.4%*	*(15.6%)*	_____%
Interest Expense	*8.2%*	*6.5%*	*9.0%*	*12.1%*	_____%
Profit (Loss) before Tax	*12.4%*	*25.3%*	*8.4%*	*(27.7%)*	_____%
Base	138	52	53	33	

TABLE 39

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET, BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)
Assets				
Current Assets	$ 1,536	$ 2,066	$ 1,261	$ 1,171
Gross Fixed Assets	14,604	14,913	16,985	10,243
Minus: Depreciation	(5,805)	(5,415)	(7,202)	(4,123)
Other Assets	1,404	1,705	1,292	1,125
Total Assets	***$11,738***	***$13,268***	***$12,336***	***$ 8,416***
Liabilities				
Current Liabilities	$ 1,308	$ 1,329	$ 1,215	$ 1,428
Long-Term Debt	4,344	4,245	5,341	2,866
Subordinated Debt	1,180	426	1,250	2,223
Deferred Taxes	226	362	182	89
Other Liabilities	589	313	535	1,102
Subtotal, Liabilities	***$ 7,647***	***$ 6,675***	***$ 8,523***	***$ 7,708***
Net Worth				
Invested	$ 2,790	$ 2,196	$ 2,915	$ 3,498
Retained Earnings	1,379	4,496	910	(2,635)
Minus: Treasury Stock	(79)	(99)	(13)	(155)
Subtotal, Net Worth	***$ 4,090***	***$ 6,593***	***$ 3,812***	***$ 708***
Total Liabilities and Net Worth	***$11,738***	***$13,268***	***$12,336***	***$ 8,416***
Base	125	46	49	30

TABLE 40

ECONOMIC RATIOS, BY PROFITABILITY

Text Note[n]	Factor or Ratio	Key	Total	Top Half	Bottom Half	Loss	Your Ski Area
	KEY FACTORS						
	VTF/Hour (000)[a]	A	8,043	9,647	8,197	5,268	_____
	VTF/Hour--Demand/Skier Capacity[b]	B	1,500	1,500	1,500	1,500	_____
	Skier Capacity	C	5,362	6,432	5,465	3,512	_____
	Days/Nights of Operation[a]	D	125	130	133	106	_____
	Season Capacity (000)	E	706	844	776	376	_____
	Day Season Capacity (000)		657	789	720	350	_____
	Night Season Capacity (000)		110	130	100	95	_____
	Actual Skier Visits (000)[a]	F	231	286	248	115	_____
	Day Skier Visits (000)[c]		216	268	232	108	_____
	Night Skier Visits (000)[c]		35	44	32	24	_____
	Profit (Loss) before Tax (000)[d]	G	$701	$1,864	$484	($782)	$_____
	Plus: Depreciation (000)[d]	H	$741	$793	$795	$570	$_____
	Before-Tax Cash Flow (000)[e]	I	$1,442	$2,657	$1,279	$- 212	$_____
	Operating Profit (Loss) (000)[d]	J	$1,163	$2,346	$1,000	$- 441	$_____
	Cash Operating Costs (000)[f]	K	$3,755	$4,232	$3,946	$2,696	$_____
	Gross Fixed Assets (000)[d]	L	$13,842	$14,123	$15,866	$10,146	$_____
	Long-Term Debt (000)[g]	M	$5,524	$4,671	$6,591	$5,090	$_____
	Equity (000)[h]	N	$4,090	$6,593	$3,812	$708	$_____

Continued ...

TABLE 40 (CONTINUED)

ECONOMIC RATIOS, BY PROFITABILITY

TEXT NOTE[n]	FACTOR OR RATIO	TOTAL	TOP HALF	BOTTOM HALF	LOSS	YOUR SKI AREA
	CRITICAL RATIOS					
1,A	*Health (Debt to Cash Flow)*[j]	3.8X	1.8X	5.2X	Loss	_____X
B	*Profitability*					
2	Operating Profit on GFA[i]	8.4%	16.6%	6.3%	- 4.3%	_____%
3	Profit (BT) on Equity[k]	17.1%	28.3%	12.7%	- 110.5%	_____%
C	*Performance*					
4	Average Utilization[a]	32.7%	33.9%	31.9%	30.5%	_____%
	Day Utilization	32.9%	34.0%	32.3%	30.9%	_____%
	Night Utilization	31.7%	33.5%	31.7%	25.1%	_____%
5	Days/Nights of Operation[a]	125	130	133	106	_____
D	*Policy and Planning*					
6	Capital Cost/Capacity[l]	$2,581	$2,196	$2,903	$2,889	$_____
7	Operating Cost/Capacity[m]	$ 5.32	$ 5.01	$ 5.09	$ 7.17	$_____
E	*Revenue/Skier Visit (Average for All Areas)*					
	Ski Lift Gross	$ 18.77	$ 19.60	$ 17.95	$ 18.34	$_____
	Ski School Margin	$ 0.79	$ 1.00	$ 0.60	$ 0.62	$_____
	Food Service Margin	$ 0.94	$ 1.02	$ 0.92	$ 0.75	$_____
	Bar Margin	$ 0.45	$ 0.45	$ 0.43	$ 0.53	$_____
	Ski Shop Margin	$ 0.54	$ 0.55	$ 0.49	$ 0.69	$_____
	Ski Rental Margin	$ 0.82	$ 0.84	$ 0.78	$ 0.86	$_____
	Other Margin	$ 0.19	$ 0.18	$ 0.24	$ 0.02	$_____
8	*TOTAL REVENUE/SKIER VISIT*	*$ 22.50*	*$ 23.65*	*$ 21.39*	*$ 21.81*	$_____
	Base	138	52	53	33	

[a] See Table 35.

[b] B = A / C.

[c] See Table 18.

[d] See Table 36.

[e] I = G + H.

[f] Using figures from Table 36, K = Total Revenue — Profit (Loss) before Tax — Depreciation and Amortization — Interest.

[g] Using figures from Table 39, M = Long-term Debt + Subordinated Debt.

[h] Using figures from Table 39, N = Invested Net Worth + Retained Earnings — Treasury Stock.

[i] Ratio = M / I.

[j] Ratio = J / L.

[k] Ratio = G / N.

[l] Ratio = L / C.

[m] Ratio = K / E.

[n] See Pages 31-37 for related Text Notes.

VI

SKI AREA DEPARTMENT OPERATIONS

Skiers require a variety of supporting services in order to participate in their sport. In general, these services are revenue producers, and each should be organized to provide some contribution to gross margin.

DEPARTMENTAL OPERATIONS

Table 41 summarizes the departmental operations for 12 departments during both winter and summer seasons. Since the range of supporting services varies substantially, this data represents averages from among only those areas who reported owning and operating such supporting services. The number of ski areas reporting such operations is noted in the right hand column labeled "Base." For example, only 95 ski areas, or 69% of all respondents, reported operating a bar; thus, the data shown are from a sample of only 95.

In addition to the departmental direct cost breakdown, Table 41 includes gross sales per skier visit for the seven major departmental categories. These departments account for 82% of ski area gross revenue. These averages have also been calculated using only those ski areas that report owning and operating these departments. Thus, the gross margins calculated from Table 41 will not equate with the average ski industry margins shown with the economic ratios in Table 32. For instance, the bar department gross margin on Table 41 amounts to $0.57/skier visit ($1.29 x 44.0%), whereas on Table 32 it is shown as $0.45/skier visit. While the industry average is based on all 138 respondents, the Table 41 data is based only the 95 respondents who own and operate a bar.

Two upgraded items involve the cost of goods sold in the rental department and payroll taxes. For the last 11 surveys, respondents were asked to include a rental equipment depreciation allowance under the cost of goods sold, since this equipment is typically replaced every three to five seasons. Another change was made last year; payroll taxes are also deducted from gross sales when calculating departmental gross margins. If respondents gave a breakdown of payroll taxes by department, that figure was used; if a total payroll tax figure was given, it was allocated to departments in proportion to direct labor costs.

Tables 42 through 44 summarize departmental data by profitability. This breakdown is also included by ski area type (Tables 45 through 47) and by geographic region (Chapter VII, Tables 67 through 74).

SKI AREA CONCESSIONS

Table 48 summarizes ski area concession operations.

SKI AREA EMPLOYMENT

Tables 49 and 50 summarize ski area employment. These 138 ski areas employed 30,360 persons daily. If the balance of the ski areas had similar staffing, then, based on skier visits, the industry employed 50,769 persons daily.

SKI LIFT DEPARTMENT DETAIL

Table 51 contains the ski lift department breakdowns.

SKI AREA INSURANCE COSTS

Ski area insurance costs have been a major concern of the industry over the past few years. Eighty-two ski areas provided data concerning both property, etc., insurance costs and liability insurance costs. Their cost experience was:

	Cost	Percent of Total
Property Insurance Expense	$128,878	30.9%
Liability Insurance Expense	$288,500	69.1%
Total Insurance Expense	*$417,378*	*100.0%*

Fifty-two ski areas lumped their insurance costs together and reported a cost of $332,481. Applying the property/liability ratio calculated for those areas which provided separate insurance expense figures to the 52 ski areas who provided only one lumped figure suggests that 30.9% should be allocated to property insurance and 69.1% to liability insurance. Thus, the 1988-89 figures probably look like this for the average ski area:

	Cost	Percent of Total
Property Insurance Expense	$118,733	30.9%
Liability Insurance Expense	$265,699	69.1%
Total Insurance Expense	*$384,432*	*100.0%*

Logically property insurance is some function of the property value, while liability insurance is typically measured as a percent of revenue. Thus, the following relationships have been calculated:

Property Insurance		Gross Fixed Assets		
$118,733	/	$13,842,000	=	0.9%
Liability Insurance		Total Revenue		
$265,699	/	$5,658,000	=	4.7%
Liability Insurance		Gross Operating Revenue[a]		
$265,699	/	$7,402,000	=	3.6%

[a] For purposes of this measure, gross operating revenue is defined as all gross revenue minus real estate and utility departmental revenue and minus all concession revenue.

The liability insurance ratios decreased for the first time in recent years, after increasing considerably, as shown below. Hopefully the rapid escalation of insurance costs has come to an end.

	1984-85	1985-86	1986-87	1987-88	1988-89
Liability Insurance/Total Revenue Ratio	1.9%	4.5%	5.7%	5.7%	4.7%
Liability Insurance/Gross Operating Revenue Ratio	1.5%	3.4%	4.3%	4.4%	3.6%

TABLE 41

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

TOTAL SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$18.77	100%	—%	15.3%	9. 9%	3.0%	*71.8%*	138
Ski School	2.17	100	—	45.9	6.8	8.7	*38.6*	119
Food Service	3.76	100	32.4	26.1	10.0	4.2	*27.2*	114
Bar	1.29	100	26.7	16.8	10.0	2.5	*44.0*	95
Retail	2.13	100	51.1	10.1	4.5	1.8	*32.5*	82
Rental	1.76	100	11.9[b]	19.0	5.1	3.4	*60.6*	104
Accommodations	—	100	—	26.8	30.1	4.4	*38.7*	48
Other	0.89	100	5.0	42.2	23.0	10.6	*19.2*	128
Total (per skier visit)	*$30.76*							
Year-Round								
Real Estate		100%	42.3%	2.6%	19.4%	0.4%	*35.3%*	27
Utility		100	—	43.3	78.7	7.4	*-29.5*	19
Miscellaneous		100	5.6	12.1	10.7	2.7	*68.8*	68
Summer Season								
Lift Department		100%	—%	47.6%	37.4%	7.2%	*7.8%*	45
Food Service		100	34.0	37.5	14.1	6.3	*8.2*	53
Retail		100	48.5	26.6	11.5	3.5	*9.8*	27
Sports		100	—	36.8	27.4	4.0	*31.8*	22
Accommodations		100	—	39.6	31.1	6.0	*23.3*	28
Slide		100	0.0	21.4	10.9	3.3	*64.4*	13
Other		100	6.3	63.5	122.5	23.3	*-115.6*	31

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 42

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

TOP PROFIT SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$19.60	100%	—%	14.4%	9.2%	3.1%	*73.3%*	52
Ski School	2.51	100	—	43.5	5.9	8.4	*42.2*	46
Food Service	3.47	100	29.7	23.5	12.6	4.0	*30.2*	44
Bar	1.20	100	24.3	17.2	11.7	2.6	*44.2*	38
Retail	1.83	100	50.0	9.9	5.4	2.0	*32.6*	35
Rental	1.62	100	11.3[b]	16.8	4.3	2.9	*64.6*	41
Accommodations	—	100	—	25.0	31.3	5.8	*37.9*	20
Other	0.97	100	3.4	43.6	22.1	14.8	*16.1*	51
Total (per skier visit)	*$31.19*							
Year-Round								
Real Estate		100%	55.0%	2.5%	5.6%	0.4%	*36.4%*	15
Utility		100	—	30.3	45.1	7.8	*16.8*	8
Miscellaneous		100	6.5	13.5	11.1	2.5	*66.4*	25
Summer Season								
Lift Department		100%	—%	49.9%	34.5%	10.8%	*4.7%*	17
Food Service		100	32.0	35.4	16.1	6.0	*10.5*	19
Retail		100	48.0	22.6	9.7	2.8	*16.9*	9
Sports		100	—	33.1	20.3	4.2	*42.4*	10
Accommodations		100	—	44.6	29.7	7.1	*18.5*	9
Slide		100	0.0	15.8	11.9	1.9	*70.4*	5
Other		100	1.1	58.1	152.0	30.7	*-141.9*	13

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 43

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

BOTTOM PROFIT SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$17.95	100%	—%	15.4%	10.0%	2.7%	*71.9%*	53
Ski School	1.86	100	—	49.0	8.1	8.8	*34.1*	46
Food Service	3.96	100	34.6	27.1	6.8	4.2	*27.3*	44
Bar	1.23	100	27.5	14.2	7.4	2.4	*48.5*	37
Retail	2.24	100	52.5	9.4	3.5	1.5	*33.2*	28
Rental	1.90	100	12.4[b]	20.7	5.3	3.6	*58.0*	40
Accommodations	—	100	—	27.7	22.6	3.9	*45.8*	15
Other	0.84	100	3.5	43.2	18.9	5.6	*28.7*	46
Total (per skier visit)	*$29.97*							
Year-Round								
Real Estate		100%	0.8%	3.4%	58.2%	0.3%	*37.3%*	5
Utility		100	—	61.8	121.1	6.7	*-89.6*	6
Miscellaneous		100	6.7	10.6	14.1	0.8	*67.8*	28
Summer Season								
Lift Department		100%	—%	48.3%	36.6%	6.4%	*8.8%*	17
Food Service		100	34.9	39.5	12.4	7.1	*6.1*	23
Retail		100	47.6	27.1	11.7	3.2	*10.4*	14
Sports		100	—	45.5	39.5	2.0	*13.1*	7
Accommodations		100	—	31.6	29.0	4.2	*35.1*	13
Slide		100	0.0	27.5	10.4	5.1	*56.9*	6
Other		100	30.3	121.7	160.9	18.0	*-230.9*	10

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 44

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

LOSS SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	Percent	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
Winter Season								
Ski Lift Department	$ 18.34	100%	—%	19.0%	12.5%	3.6%	65.0%	33
Ski School	1.95	100	—	48.5	7.2	9.8	34.5	27
Food Service	4.39	100	35.4	32.1	10.3	5.1	17.2	26
Bar	1.83	100	31.5	20.7	10.7	2.4	34.7	20
Retail	3.45	100	51.5	12.3	3.8	1.8	30.6	19
Rental	1.92	100	12.7[b]	21.6	7.6	4.3	53.9	23
Accommodations	—	100	—	28.2	36.7	3.3	31.8	13
Other	0.73	100	18.5	31.2	41.9	5.6	2.9	31
TOTAL (PER SKIER VISIT)	$32.61							
Year-Round								
Real Estate		100%	62.5%	1.4%	8.1%	0.1%	27.8%	7
Utility		100	—	41.9	84.1	8.0	- 34.0	5
Miscellaneous		100	0.0	12.4	0.0	8.7	79.0	15
Summer Season								
Lift Department		100%	—%	44.2%	41.6%	5.4%	8.9%	11
Food Service		100	36.6	37.8	13.0	5.0	7.5	11
Retail		100	59.1	46.6	21.1	10.4	- 37.3	4
Sports		100	—	39.6	45.5	8.2	6.6	5
Accommodations		100	—	73.9	51.0	13.3	- 38.2	6
Slide		100	0.0	30.1	2.6	4.0	63.2	2
Other		100	4.6	44.5	40.8	10.3	- 0.2	8

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 45

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

VACATION-ORIENTED SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$20.32	100%	—%	14.8%	10.4%	2.7%	*72.1%*	34
Ski School	2.67	100	—	45.9	7.1	7.9	*39.1*	34
Food Service	4.14	100	30.3	26.2	12.5	3.6	*27.4*	29
Bar	1.26	100	25.9	19.2	13.5	2.5	*39.0*	28
Retail	2.12	100	50.7	10.0	6.0	1.8	*31.5*	24
Rental	1.36	100	14.1[b]	17.3	7.5	2.6	*58.5*	26
Accommodations	—	100	—	25.6	27.9	4.2	*42.3*	18
Other	0.90	100	3.8	59.3	29.0	15.7	*- 7.7*	34
Total (per skier visit)	*$32.75*							
Year-Round								
Real Estate		100%	34.5%	2.9%	27.7%	0.4%	*34.6%*	12
Utility		100	—	32.3	65.0	5.8	*- 3.1*	7
Miscellaneous		100	3.5	14.1	17.0	2.0	*63.5*	23
Summer Season								
Lift Department		100%	—%	66.3%	55.4%	9.5%	*- 31.2%*	20
Food Service		100	33.6	45.1	19.6	5.6	*- 3.9*	21
Retail		100	46.0	30.5	11.7	3.9	*8.0*	14
Sports		100	—	37.0	27.8	3.3	*31.9*	10
Accommodations		100	—	40.6	31.6	5.2	*22.6*	12
Slide		100	0.0	31.4	16.6	4.4	*47.7*	4
Other		100	8.8	95.7	195.8	36.6	*-237.0*	14

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 46

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

DAY SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$15.54	100%	—%	18.4%	11.4%	3.8%	*66.5%*	70
Ski School	1.82	100	—	43.8	7.2	9.7	*39.3*	58
Food Service	3.11	100	35.5	24.7	8.6	4.8	*26.4*	60
Bar	1.41	100	28.0	15.8	6.6	2.3	*47.2*	44
Retail	1.81	100	54.4	10.5	2.9	1.5	*30.6*	50
Rental	2.32	100	11.0[b]	18.9	4.2	3.7	*62.2*	53
Accommodations	—	100	—	28.0	35.6	2.9	*33.5*	11
Other	0.54	100	10.6	20.0	23.4	3.2	*42.8*	64
Total (per skier visit)	*$26.54*							
Year-Round								
Real Estate		100%	0.0%	35.7%	23.3%	3.4%	*37.6%*	3
Utility		100	—	141.1	257.9	14.9	*-314.0*	7
Miscellaneous		100	9.2	10.6	3.5	1.2	*75.5*	30
Summer Season								
Lift Department		100%	—%	57.8%	61.5%	9.6%	*-28.8%*	14
Food Service		100	34.9	32.4	8.7	6.6	*17.4*	20
Retail		100	58.1	24.2	17.2	2.9	*-2.3*	7
Sports		100	—	159.6	75.5	3.3	*-138.4*	5
Accommodations		100	—	36.3	40.9	1.8	*21.0*	7
Slide		100	0.0	15.1	12.3	1.5	*71.1*	4
Other		100	3.4	21.8	33.6	6.7	*34.4*	11

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 47

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

WEEKEND SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$20.04	100%	—%	13.1%	7.6%	2.8%	***76.6%***	32
Ski School	1.60	100	—	49.1	5.1	10.2	***35.6***	26
Food Service	3.95	100	33.1	27.4	7.0	4.7	***27.8***	25
Bar	1.31	100	26.8	12.9	7.3	2.9	***50.2***	23
Retail	2.41	100	49.0	9.9	3.0	2.1	***36.0***	8
Rental	1.68	100	10.8[b]	21.0	3.9	3.7	***60.6***	24
Accommodations	—	100	—	28.5	32.6	5.1	***33.8***	19
Other	1.20	100	3.6	31.4	14.6	7.7	***42.7***	29
Total (per skier visit)	*$32.19*							
Year-Round								
Real Estate		100%	58.5%	1.5%	2.9%	0.3%	***36.8%***	12
Utility		100	—	36.3	45.1	9.5	***9.0***	5
Miscellaneous		100	6.0	7.1	0.3	11.4	***75.2***	14
Summer Season								
Lift Department		100%	—%	22.5%	6.1%	3.7%	***67.8%***	11
Food Service		100	33.6	31.0	11.2	7.0	***17.2***	12
Retail		100	46.9	23.5	8.6	3.5	***17.5***	6
Sports		100	—	27.7	23.1	5.9	***43.3***	7
Accommodations		100	—	39.3	25.0	9.8	***25.9***	9
Slide		100	0.0	25.5	6.6	5.3	***62.6***	5
Other		100	2.2	19.8	10.1	3.4	***64.4***	6

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 48

SKI AREA CONCESSION OPERATIONS

Supporting Department	Percent of Ski Areas				Average Concession Revenue[a]
	Do Not Have	*Own*	*Concession*	*Both*	(000)
Winter Season					
Ski School	1.4%	86.2%	12.3%	0.0%	$21.9
Food Service	0.7	76.1	16.7	6.5	110.0
Bar	17.4	65.9	13.0	3.6	57.3
Retail Shop	8.7	56.5	31.9	2.9	64.6
Rental Shop	4.3	74.6	20.3	0.7	69.8
Accommodations	34.8	61.6	1.4	2.2	24.2
Summer Season					
Food Service	53.6%	38.4%	5.8%	2.2%	$24.4
Retail Shop	71.7	19.6	8.0	0.7	21.8
Sports Department	82.6	15.9	0.7	0.7	10.0
Accommodations	78.3	20.3	0.0	1.4	11.5
Summer Slide	90.6	9.4	0.0	0.0	0.0

[a] For those areas having concessions.

TABLE 49

NUMBER OF EMPLOYEES PER AVERAGE DAY, BY DEPARTMENT

	DEPARTMENTS									
	Lift	*Ski School*	*Food Service*	*Bar*	*Retail Store*	*Rental Shop*	*Accom-moda-tions*	*Other*	TOTAL[a]	FTE[b]
Total Sample	47	38	38	7	6	10	35	65	220	113
Geographic Location										
New England	51	41	34	8	11	9	47	71	244	76
East	41	26	37	7	4	14	35	45	182	99
Midwest	27	10	14	3	3	8	15	11	78	45
Central Rockies	54	88	64	5	8	11	33	120	358	88
Northern Rockies	49	38	35	6	3	4	25	72	213	88
California and Nevada	65	44	53	10	9	17	55	96	311	293
Pacific Northwest	41	20	31	8	2	6	12	26	135	125
Western Canada	41	15	25	9	3	7	16	31	131	94
Type										
Day	32	22	18	5	3	8	12	26	112	74
Weekend	59	33	50	9	8	14	34	67	254	177
Vacation	71	82	74	8	13	12	52	145	430	187
Profitability										
Top Profit	60	54	54	10	9	13	41	88	299	177
Bottom Profit	46	36	34	5	5	11	35	58	200	85
Loss	28	18	22	6	4	5	24	36	125	57
S[illegible]										
[illegible]Hour (000)										
Under 2,500	16	11	8	3	2	6	18	10	55	44
2,500 - 3,999	26	18	17	3	2	9	17	24	102	59
4,000 - 5,499	31	21	30	7	4	8	36	34	146	56
5,500 - 9,999	49	31	28	6	4	10	19	47	180	127
10,000 and Over	96	93	93	13	15	17	57	169	524	276

[a] Will not add due to various different base responses.

[b] Full-Time Equivalent

TABLE 50

NUMBER OF EMPLOYEES PER PEAK DAY, BY DEPARTMENT

	DEPARTMENTS									
	Lift	*Ski School*	*Food Service*	*Bar*	*Retail Store*	*Rental Shop*	*Accommodations*	*Other*	TOTAL[a]	FTE[b]
Total Sample	65	71	57	12	9	17	48	84	323	152
Geographic Location										
New England	78	85	62	14	15	14	77	95	392	111
East	58	59	59	10	7	25	41	63	288	132
Midwest	43	30	31	9	5	17	24	14	152	76
Central Rockies	68	122	76	7	11	17	38	142	450	133
Northern Rockies	63	72	49	9	4	8	29	82	292	10[1]
California and Nevada	85	71	72	15	13	25	70	129	431	430
Pacific Northwest	59	55	51	17	7	12	17	60	260	155
Western Canada	48	35	34	13	5	10	22	24	170	106
Type										
Day	47	53	30	9	4	15	15	37	191	107
Weekend	79	62	74	14	11	22	46	96	377	219
Vacation	93	119	101	14	18	17	75	169	570	244
Profitability										
Top Profit	78	85	73	15	13	20	56	107	409	227
Bottom Profit	64	70	53	10	8	18	46	77	305	120
Loss	44	48	37	9	6	10	38	54	217	97
Size										
VTF/Hour (000)										
Under 2,500	24	28	19	7	3	11	34	16	109	65
2,500 - 3,999	42	51	32	6	4	17	24	30	187	88
4,000 - 5,499	44	45	42	11	6	14	45	49	223	85
5,500 - 9,999	67	71	47	10	7	16	23	64	285	171
10,000 and Over	124	134	123	20	21	24	82	208	689	353

[a] Will not add due to various different base responses.

[b] Full-Time Equivalent

TABLE 51

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN, BY PROFITABILITY

	Total Sample	Top Half	Bottom Half	Loss	Your Ski Area
Ski Lift Gross Revenue (Winter)	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100%*
Direct Labor Expense					
Ski Lift Payroll	5.0%	5.0%	4.8%	5.1%	_____%
Ski Patrol Payroll	2.3	2.2	2.4	2.4	_____%
Slope Maintenance Payroll	2.0	2.1	2.0	1.8	_____%
Maintenance and Repair Payroll	3.0	2.5	3.2	4.5	_____%
Ticket Sales Payroll	1.2	1.2	1.2	1.2	_____%
Other Payroll	1.1	1.5	0.6	1.4	_____%
Total Payroll Expense	*14.6%*	*14.5%*	*14.3%*	*16.4%*	_____%
Payroll Taxes	*3.0%*	*3.2%*	*2.3%*	*4.1%*	_____%
Other Direct Expense	*9.5%*	*10.0%*	*8.0%*	*12.2%*	_____%
Total Direct Expense	*27.1%*	*27.8%*	*24.6%*	*32.7%*	_____%
Gross Margin	*72.9%*	*72.2%*	*75.4%*	*67.3%*	_____%
Base	125	45	47	33	

VII

REGIONAL SKI AREA CHARACTERISTICS

This chapter offers a look at ski area similarities and differences by geographic regions. Tables 53 and 54 summarize the significant ski area characteristics, while Tables 55 and 56 present the eight critical economic variables by geographic location. Tables 57 through 62 contain average regional area income statements based on both gross fixed assets and revenue. Tables 63 and 64 illustrate list department direct costs. Tables 65 and 66 break out the regional balance sheets. Tables 67 through 74 summarize departmental breakdowns.

OBSERVATIONS

The larger areas are found in the Rockies and the West, where the mountains are larger and the snow cover typically deeper and more dependable. This also means that the Rockies contain a larger share of the vacation areas, while the other regions are heavy on day-use areas. There are many more beds at Rockies areas, again indicative of their focus on vacation destination resorts.

Eastern and Midwestern areas depend heavily upon snowmaking.

Divisions of terrain by level of difficulty appear rather standard all across the nation. This can be misleading, as each ski area classifies their terrain in relation to other terrain at that area. Terrain classified in Colorado as "more difficult" (intermediate) might be classified as "most difficult" (expert) in Wisconsin.

Variations in profitability are most evident when analyzing data according to this geographic regional breakdown. Winter weather is the most significant factor, followed by population concentrations.

OPERATING PROFIT ON GFA

Table 52 summarizes the critical performance variable *operating profit on GFA* for each region over the past five seasons. Several regions improved in 1988-89: Central Rockies, Northern Rockies, and California and Nevada.

The Northern Rockies region reported the best operating profit on GFA in 1988-89, 12.7%, after six years of weak performance. The Central Rockies region, with 9.9%, and the Midwest, with 9.5%, followed. This compares to 8.4% for the average area.

The New England region and the East recorded 6.6% and 9.2%, respectively, which was an excellent performance in light of the snow conditions.

The California and Nevada region improved again, recording a 9.2% performance. The Pacific Northwest showed a small decline, and Western Canada also recorded a decline.

TABLE 52

FIVE-YEAR COMPARISON

OPERATING PROFIT ON GFA

	1988-89	1987-88	1986-87	1985-86	1984-85
Geographic Location					
New England	6.6%	8.8%	13.6%	8.1%	7.3%
East	9.2	12.5	12.4	10.7	3.7
Midwest	9.5	12.9	7.5	8.0	9.3
Central Rockies	9.9	0.9	4.3	2.2	8.3
Northern Rockies	12.7	4.0	2.1	0.6	5.0
California and Nevada	9.2	5.9	Loss	6.4	9.6
Pacific Northwest	8.1	9.4	8.4	3.9[a]	5.8[a]
Western Canada	6.0	9.6	3.5	—[a]	—[a]
Total Sample	8.4%	6.8%	4.9%	5.2%	7.1%

[a] Before 1986-87, the Pacific Northwest and Western Canada were combined into one region.

Tables 53 through 74 follow on successive pages.

TABLE 53

AVERAGE SKI AREA CHARACTERISTICS, BY GEOGRAPHIC LOCATION

EASTERN AND MIDWESTERN REGIONS

	New England	East	Midwest
Size			
VTF/Hour (000)	9,507	4,864	1,963
Gross Fixed Assets (000)	$17,997	$8,245	$1,977
Skiable Acres	231	129	70
Total Acres	1,666	801	311
Location			
Within 50 Miles of SMSA	31%	39%	54%
With 6 or More Areas within 1 Hour	77%	43%	0%
Site Characteristics			
Number of Beds at Base[a]	1,965	903	213
Number of Beds (10 miles)[a]	5,019	3,380	1,229
With Snowmaking	100%	100%	92%
With Night Skiing	31%	61%	100%
Terrain			
Beginner	27%	27%	26%
Intermediate	50%	47%	52%
Expert	23%	26%	22%
Business Characteristics			
Operating with USFS Permit	23%	0%	8%
Engaged in Land Development	77%	61%	8%
Operational Characteristics			
Average Days/Nights of Operation	121	104	139
Average Peak Day Crowd	5,880	4,489	2,451
Average Skier Visits (000)	261	162	70
Average Age of Ski Areas	34	25	29
Economic Characteristics			
Average Revenue/Skier Visit	$ 23.42	$ 22.93	$ 18.67
Average Lift Ticket Revenue/Skier Visit	$ 19.09	$ 18.01	$ 12.16
Average Adult Lift Ticket Price			
Weekend	$ 28.49	$ 27.21	$ 19.15
Weekday	$ 24.65	$ 21.91	$ 14.79
Average Night Ticket Price			
Weekend	$ 16.06	$ 16.69	$ 12.48
Weekday	$ 15.94	$ 15.76	$ 11.73
Average Adult Season Ticket Price	$ 578	$ 414	$ 239
Average Utilization	33.5%	49.7%	35.6%
Average Profit (Loss) before Tax	$ 439	$ 479	$ 90
Ratio: Revenue/GFA	37.8%	48.4%	70.5%
Base	**26**	**23**	**13**

[a] For those areas reporting beds.

TABLE 54

AVERAGE SKI AREA CHARACTERISTICS, BY GEOGRAPHIC LOCATION

WESTERN REGIONS

	Central Rockies	Northern Rockies	California and Nevada	Pacific Northwest	Western Canada
Size					
VTF/Hour (000)	11,996	8,202	11,600	7,522	6,365
Gross Fixed Assets (000)	$19,104	$10,609	$18,655	$9,352	$18,590
Skiable Acres	838	1,393	1,362	1,209	515
Total Acres	2,639	2,633	2,263	2,52[illegible]	2,087
Location					
Within 50 Miles of SMSA	30%	58%	56%	27%	33%
With 6 or More Areas within 1 Hour	20%	33%	56%	0%	0%
Site Characteristics					
Number of Beds at Base[a]	5,623	804	984	325	875
Number of Beds (10 miles)[a]	6,281	3,571	8,782	520	2,285
With Snowmaking	75%	42%	50%	18%	33%
With Night Skiing	10%	42%	28%	82%	33%
Terrain					
Beginner	26%	19%	24%	20%	26%
Intermediate	44%	45%	49%	49%	46%
Expert	30%	36%	27%	31%	28%
Business Characteristics					
Operating with USFS Permit	80%	75%	83%	91%	0%
Engaged in Land Development	35%	33%	22%	9%	40%
Operational Characteristics					
Average Days/Nights of Operation	111	135	130	149	141
Average Peak Day Crowd	6,662	4,339	6,621	4,670	3,813
Average Skier Visits (000)	350	214	307	211	198
Average Age of Ski Areas	30	31	27	27	25
Economic Characteristics					
Average Revenue/Skier Visit	$ 22.94	$ 20.45	$ 28.27	$ 16.20	$ 21.38
Average Lift Ticket Revenue/Skier Visit	$ 19.39	$ 17.87	$ 22.82	$ 13.41	$ 16.94
Average Adult Lift Ticket Price					
Weekend	$ 25.55	$ 22.46	$ 26.81	$ 19.21	$ 24.27
Weekday	$ 25.11	$ 22.13	$ 25.89	$ 16.71	$ 23.93
Average Night Ticket Price					
Weekend	$ 11.00	$ 8.20	$ 11.60	$ 11.20	$ 13.80
Weekday	$ 11.00	$ 7.60	$ 10.40	$ 11.20	$ 13.80
Average Adult Season Ticket Price	$ 423	$ 447	$ 510	$ 387	$ 420
Average Utilization	35.7%	28.9%	26.8%	25.6%	33.4%
Average Profit (Loss) before Tax	$ 983	$ 1,118	$ 1,369	$ 459	$ 696
Ratio: Revenue/GFA	43.1%	46.8%	48.2%	36.7%	25.2%
Base	20	12	18	11	15

[a] For those areas reporting beds.

TABLE 55

ECONOMIC RATIOS, BY GEOGRAPHIC LOCATION

EASTERN AND MIDWESTERN REGIONS

Text Note[n]	Factor or Ratio	Key	New England	East	Midwest
	KEY FACTORS				
	VTF/Hour (000)[a]	A	9,507	4,864	1,963
	VTF/Hour—Demand/Skier Capacity[b]	B	1,500	1,500	1,500
	Skier Capacity	C	6,338	3,243	1,309
	Days/Nights of Operation[a]	D	121	104	139
	Season Capacity (000)	E	779	326	195
	Day Season Capacity (000)		722	262	115
	Night Season Capacity (000)		185	105	81
	Actual Skier Visits (000)[a]	F	261	162	70
	Day Skier Visits (000)[c]		242	132	47
	Night Skier Visits (000)[c]		62	50	23
	Profit (Loss) before Tax (000)[d]	G	$ 439	$ 479	$ 90
	Plus: Depreciation (000)[d]	H	$ 946	$ 480	$ 162
	Before-Tax Cash Flow (000)[e]	I	$ 1,385	$ 959	$ 251
	Operating Profit (Loss) (000)[d]	J	$ 1,181	$ 761	$ 188
	Cash Operating Costs (000)[f]	K	$ 4,677	$2,748	$1,043
	Gross Fixed Assets (000)[d]	L	$17,997	$8,245	$1,977
	Long-Term Debt (000)[g]	M	$ 7,159	$2,979	$ 524
	Equity (000)[h]	N	$ 5,818	$2,550	$ 688

Continued ...

TABLE 55 (CONTINUED)

ECONOMIC RATIOS, BY GEOGRAPHIC LOCATION

EASTERN AND MIDWESTERN REGIONS

Text Note[n]	Factor or Ratio	New England	East	Midwest
	CRITICAL RATIOS			
1,A	*Health (Debt to Cash Flow)*[i]	5.2X	3.1X	2.1X
B	*Profitability*			
2	Operating Profit on GFA[j]	6.6%	9.2%	9.5%
3	Profit (BT) on Equity[k]	7.5%	18.8%	13.0%
C	*Performance*			
4	Average Utilization[a]	33.5%	49.7%	35.6%
	Day Utilization	33.5%	50.2%	41.0%
	Night Utilization	33.6%	47.5%	28.0%
5	Days/Nights of Operation[a]	121	104	139
D	*Policy and Planning*			
6	Capital Cost/Capacity[l]	$2,839	$2,543	$1,510
7	Operating Cost/Capacity[m]	$ 6.00	$ 8.43	$ 5.34
E	*Revenue/Skier Visit (Average for All Areas)*			
	Ski Lift Gross	$ 19.09	$ 18.01	$ 12.16
	Ski School Margin	$ 0.77	$ 0.72	$ 0.48
	Food Service Margin	$ 1.07	$ 0.73	$ 0.87
	Bar Margin	$ 0.48	$ 0.73	$ 0.55
	Ski Shop Margin	$ 0.75	$ 0.44	$ 0.34
	Ski Rental Margin	$ 0.78	$ 1.58	$ 2.67
	Other Margin	$ - 0.15	$ 0.41	$ 0.75
8	*Total, Revenue/Skier Visit*	*$ 22.80*	$ 22.62	*$ 17.82*
	Base	26	23	13

[a] See Table 53.

[b] B = A / C.

[c] See Table 18.

[d] See Tables 53 and 57.

[e] I = G + H.

[f] Using figures from Table 57, K = Total Revenue — Profit (Loss) before Tax — Depreciation and Amortization — Interest.

[g] Using figures from Table 65, M = Long-term Debt + Subordinated Debt.

[h] Using figures from Table 65, N = Invested Net Worth + Retained Earnings — Treasury Stock.

[i] Ratio = M / I.

[j] Ratio = J / L.

[k] Ratio = G / N.

[l] Ratio = L / C.

[m] Ratio = K / E.

[n] See Pages 31-37 for related Text Notes.

TABLE 56

ECONOMIC RATIOS, BY GEOGRAPHIC LOCATION

WESTERN REGIONS

Text Note[n]	Factor or Ratio	Key	Central Rockies	Northern Rockies	California and Nevada	Pacific Northwest	Western Canada
	KEY FACTORS						
	VTF/Hour (000)[a]	A	11,996	8,202	11,600	7,522	6,365
	VTF/Hour--Demand/Skier Capacity[b]	B	1,500	1,500	1,500	1,500	1,500
	Skier Capacity	C	7,998	5,468	7,733	5,015	4,244
	Days/Nights of Operation[a]	D	111	135	130	149	141
	Season Capacity (000)	E	982	740	1,146	826	593
	Day Season Capacity (000)		975	695	1,129	729	549
	Night Season Capacity (000)		69	108	62	119	133
	Actual Skier Visits (000)[a]	F	350	214	307	211	198
	Day Skier Visits (000)[c]		350	203	313	191	187
	Night Skier Visits (000)[c]		7	26	17	24	35
	Profit (Loss) before Tax (000)[d]	G	$ 983	$ 1,118	$ 1,369	$ 459	$ 696
	Plus: Depreciation (000)[d]	H	$ 1,033	$ 524	$ 1,162	$ 517	$ 726
	Before-Tax Cash Flow (000)[e]	I	$ 2,016	$ 1,642	$ 2,530	$ 976	$ 1,422
	Operating Profit (Loss) (000)[d]	J	$ 1,889	$ 1,348	$ 1,717	$ 755	$ 1,107
	Cash Operating Costs (000)[f]	K	$ 5,315	$ 3,089	$ 6,108	$2,162	$ 2,848
	Gross Fixed Assets (000)[d]	L	$19,104	$10,609	$18,655	$9,352	$18,590
	Long-Term Debt (000)[g]	M	$ 9,878	$ 2,368	$ 6,012	$2,158	$ 9,313
	Equity (000)[h]	N	$ 8,093	$ 4,949	$ 6,308	$3,470	$ - 723

Continued ...

TABLE 56 (CONTINUED)

ECONOMIC RATIOS, BY GEOGRAPHIC LOCATION

WESTERN REGIONS

Text Note[n]	Factor or Ratio	Central Rockies	Northern Rockies	California and Nevada	Pacific Northwest	Western Canada
	CRITICAL RATIOS					
1,A	*Health (Debt to Cash Flow)*[j]	4.9X	1.4X	2.4X	2.2X	6.5X
B	*Profitability*					
2	Operating Profit on GFA[i]	9.9%	12.7%	9.2%	8.1%	6.0%
3	Profit (BT) on Equity[k]	12.1%	22.6%	21.7%	13.2%	(96.2%)
C	*Performance*					
4	Average Utilization[a]	35.7%	28.9%	26.8%	25.6%	33.4%
	Day Utilization	35.9%	29.2%	27.7%	26.3%	34.0%
	Night Utilization	10.5%	24.4%	28.0%	20.2%	26.1%
5	Days/Nights of Operation[a]	111	135	130	149	141
D	*Policy and Planning*					
6	Capital Cost/Capacity[l]	$2,389	$1,940	$2,412	$1,865	$4,381
7	Operating Cost/Capacity[m]	$ 5.41	$ 4.17	$ 5.33	$ 2.62	$ 4.80
E	*Revenue/Skier Visit (Average for All Areas)*					
	Ski Lift Gross	$ 19.39	$ 17.87	$ 22.82	$ 13.41	$ 16.94
	Ski School Margin	$ 1.26	$ 0.80	$ 0.63	$ 0.19	$ 0.67
	Food Service Margin	$ 0.85	$ 0.62	$ 1.33	$ 0.89	$ 0.74
	Bar Margin	$ 0.25	$ 0.18	$ 0.54	$ 0.54	$ 0.46
	Ski Shop Margin	$ 0.27	$ 0.29	$ 0.88	$ 0.52	$ 0.52
	Ski Rental Margin	$ 0.36	$ 0.27	$ 0.94	$ 0.75	$ 0.76
	Other Margin	$ 0.39	$ 0.14	$ 0.37	$ - 0.33	$ 0.11
8	*Total Revenue/Skier Visit*	*$ 22.77*	*$ 20.17*	*$ 27.52*	*$ 15.97*	*$ 20.21*
	Base	20	12	18	11	15

[a] See Table 54.

[b] B = A / C.

[c] See Table 18.

[d] See Tables 54 and 58.

[e] I = G + H.

[f] Using figures from Table 58, K = Total Revenue — Profit (Loss) before Tax — Depreciation and Amortization — Interest.

[g] Using figures from Table 66, M = Long-term Debt + Subordinated Debt.

[h] Using figures from Table 66, N = Invested Net Worth + Retained Earnings — Treasury Stock.

[i] Ratio = M / I.

[j] Ratio = J / L.

[k] Ratio = G / N.

[l] Ratio = L / C.

[m] Ratio = K / E.

[n] See Pages 31-37 for related Text Notes.

TABLE 57

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY GEOGRAPHIC LOCATION

EASTERN AND MIDWESTERN REGIONS

	New England	East	Midwest
Gross Fixed Assets	*$17,997*	*$8,245*	*$1,977*
Revenue			
Ski Lift Gross—Winter	$ 4,985	$2,917	$ 847
Ski Lift Gross—Summer	54	7	0
Supporting Margin—Winter	1,246	883	453
Supporting Margin—Summer	158	83	76
Year-Round Margin	360	99	17
Total Revenue	*$ 6,804*	*$3,990*	*$1,393*
Expenses and Allocations			
Ski Lift Direct Expense	$ 1,153	$ 711	$ 268
Payroll Taxes	121	80	28
Property Operation	304	198	26
Subtotal, Expenses and Allocations	*$ 1,578*	*$ 989*	*$322*
Operations Margin	*$ 5,226*	*$3,001*	*$1,070*
Common Expenses			
General and Administrative	$ 1,093	$ 473	$ 237
Marketing (advertising, public relations, promotion, etc.)	708	252	80
Insurance (property, liability)	427	332	164
Land Use Fees (public)	54	1	1
Land Use Fees (private)	25	80	9
Property Taxes	105	60	24
Other Taxes (except income)	43	18	25
Snowmaking	471	485	84
Snow Removal	16	0	1
Miscellaneous	156	57	94
Depreciation and Amortization	946	480	162
Subtotal, Common Expenses	*$ 4,044*	*$2,238*	*$ 881*
Operating Profit (Loss)	*$ 1,181*	*$ 761*	*$ 188*
Interes Expense	*$ 742*	*$ 282*	*$ 99*
Profit (Loss) before Tax	*$ 439*	*$ 479*	*$ 90*
Base	26	23	13

TABLE 58

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY GEOGRAPHIC LOCATION

WESTERN REGIONS

	Central Rockies	Northern Rockies	California and Nevada	Pacific Northwest	Western Canada
Gross Fixed Assets	*$19,104*	*$10,609*	*$18,655*	*$9,352*	*$18,590*
Revenue					
Ski Lift Gross—Winter	$ 6,793	$ 3,822	$ 7,004	$ 2,829	$ 3,355
Ski Lift Gross—Summer	41	57	168	79	211
Supporting Margin—Winter	1,210	530	1,571	606	749
Supporting Margin—Summer	12	4	56	6	26
Year-Round Margin	182	549	188	- 86	340
Total Revenue	*$ 8,237*	*$ 4,961*	*$ 8,987*	*$ 3,434*	*$ 4,681*
Expenses and Allocations					
Ski Lift Direct Expense	$ 1,915	$ 1,147	$ 1,610	$ 730	$ 1,346
Payroll Taxes	247	111	294	92	44
Property Operation	53	76	301	83	8
Subtotal, Expenses and Allocations	*$ 2,215*	*$ 1,334*	*$ 2,205*	*$ 905*	*$ 1,398*
Operations Margin	*$ 6,022*	*$ 3,628*	*$ 6,783*	*$ 2,530*	*$ 3,282*
Common Expenses					
General and Administrative	$ 986	$ 408	$ 1,884	$ 568	$ 704
Marketing (advertising, public relations, promotion, etc.)	591	389	459	228	336
Insurance (property, liability)	406	347	746	250	147
Land Use Fees (public)	205	41	156	107	58
Land Use Fees (private)	165	136	39	0	0
Property Taxes	182	99	152	72	81
Other Taxes (except income)	10	7	13	8	0
Snowmaking	209	111	206	3	60
Snow Removal	11	18	43	17	43
Miscellaneous	334	201	208	3	20
Depreciation and Amortization	1,033	524	1,162	517	726
Subtotal, Common Expenses	*$ 4,132*	*$ 2,281*	*$ 5,068*	*$ 1,773*	*$ 2,175*
Operating Profit (Loss)	*$ 1,889*	*$ 1,348*	*$ 1,717*	*$ 755*	*$ 1,107*
Interest Expense	*$ 907*	*$ 230*	*$ 348*	*$ 297*	*$ 411*
Profit (Loss) before Tax	*$ 983*	*$ 1,118*	*$ 1,369*	*$ 459*	*$ 696*
Base	20	12	18	11	15

TABLE 59

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY GEOGRAPHIC LOCATION

PERCENT OF GROSS FIXED ASSETS

EASTERN AND MIDWESTERN REGIONS

	New England	East	Midwest
Gross Fixed Assets	***100.0%***	***100.0%***	***100.0%***
Revenue			
Ski Lift Gross—Winter	27.7%	35.4%	42.9%
Ski Lift Gross—Summer	0.3	0.1	0.0
Supporting Margin—Winter	6.9	10.7	22.9
Supporting Margin—Summer	0.9	1.0	3.8
Year-Round Margin	2.0	1.2	0.9
Total Revenue	***37.8%***	***48.4%***	***70.5%***
Expenses and Allocations			
Ski Lift Direct Expense	6.4%	8.6%	13.6%
Payroll Taxes	0.7	1.0	1.4
Property Operation	1.7	2.4	1.3
Subtotal, Expenses and Allocations	*8.8%*	*12.0%*	*16.4%*
Operations Margin	***29.0%***	***36.4%***	***54.1%***
Common Expenses			
General and Administrative	6.1%	5.7%	12.0%
Marketing (advertising, public relations, promotion, etc.)	3.9	3.1	4.0
Insurance (property, liability)	2.4	4.0	8.3
Land Use Fees (public)	0.3	0.0	0.1
Land Use Fees (private)	0.1	1.0	0.5
Property Taxes	0.6	0.7	1.2
Other Taxes (except income)	0.2	0.2	1.3
Snowmaking	2.6	5.9	4.3
Snow Removal	0.1	0.0	0.0
Miscellaneous	0.9	0.7	4.7
Depreciation and Amortization	5.3	5.8	8.2
Subtotal, Common Expenses	*22.4%*	*27.2%*	*44.6%*
Operating Profit (Loss)	***6.6%***	***9.2%***	***9.5%***
Interest Expense	*4.1%*	*3.4%*	*5.0%*
Profit (Loss) before Tax	***2.4%***	***5.8%***	***4.5%***
Base	26	23	13

TABLE 60

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY GEOGRAPHIC LOCATION

PERCENT OF GROSS FIXED ASSETS

WESTERN REGIONS

	Central Rockies	Northern Rockies	California and Nevada	Pacific Northwest	Western Canada
Gross Fixed Assets	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Revenue					
Ski Lift Gross—Winter	35.6%	36.0%	37.5%	30.2%	18.0%
Ski Lift Gross—Summer	0.2	0.5	0.9	0.8	1.1
Supporting Margin—Winter	6.3	5.0	8.4	6.5	4.0
Supporting Margin—Summer	0.1	0.0	0.3	0.1	0.1
Year-Round Margin	1.0	5.2	1.0	- 0.9	1.8
Total Revenue	*43.1%*	*46.8%*	*48.2%*	*36.7%*	*25.2%*
Expenses and Allocations					
Ski Lift Direct Expense	10.0%	10.8%	8.6%	7.8%	7.2%
Payroll Taxes	1.3	1.0	1.6	1.0	0.2
Property Operation	0.3	0.7	1.6	0.9	0.0
Subtotal, Expenses and Allocations	*11.6%*	*12.6%*	*11.8%*	*9.6%*	*7.5%*
Operations Margin	*31.5%*	*34.2%*	*36.4%*	*27.1%*	*17.7%*
Common Expenses					
General and Administrative	5.2%	3.8%	10.1%	6.1%	3.8%
Marketing (advertising, public relations, promotion, etc.)	3.1	3.7	2.5	2.4	1.8
Insurance (property, liability)	2.1	3.3	4.0	2.7	0.8
Land Use Fees (public)	1.1	0.4	0.8	1.1	0.3
Land Use Fees (private)	0.9	1.3	0.2	0.0	0.0
Property Taxes	1.0	0.9	0.8	0.8	0.4
Other Taxes (except income)	0.1	0.1	0.1	0.1	0.0
Snowmaking	1.1	1.0	1.1	0.0	0.3
Snow Removal	0.1	0.2	0.2	0.2	0.2
Miscellaneous	1.7	1.9	1.1	0.0	0.1
Depreciation and Amortization	5.4	4.9	6.2	5.5	3.9
Subtotal, Common Expenses	*21.6%*	*21.5%*	*27.2%*	*19.0%*	*11.7%*
Operating Profit (Loss)	*9.9%*	*12.7%*	*9.2%*	*8.1%*	*6.0%*
Interest Expense	*4.7%*	*2.2%*	*1.9%*	*3.2%*	*2.2%*
Profit (Loss) before Tax	*5.1%*	*10.5%*	*7.3%*	*4.9%*	*3.7%*
Base	20	12	18	11	15

TABLE 61

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY GEOGRAPHIC LOCATION

PERCENT OF REVENUE

EASTERN AND MIDWESTERN REGIONS

	New England	East	Midwest
Revenue			
Ski Lift Gross—Winter	73.3%	73.1%	60.8%
Ski Lift Gross—Summer	0.8	0.2	0.0
Supporting Margin—Winter	18.3	22.1	32.5
Supporting Margin—Summer	2.3	2.1	5.4
Year-Round Margin	5.3	2.5	1.2
Total Revenue	*100.0%*	*100.0%*	*100.0%*
Expenses and Allocations			
Ski Lift Direct Expense	17.0%	17.8%	19.3%
Payroll Taxes	1.8	2.0	2.0
Property Operation	4.5	5.0	1.9
Subtotal, Expenses and Allocations	*23.2%*	*24.8%*	*23.1%*
Operations Margin	*76.8%*	*75.2%*	*76.9%*
Common Expenses			
General and Administrative	16.1%	11.9%	17.0%
Marketing (advertising, public relations, promotion, etc.)	10.4	6.3	5.7
Insurance (property, liability)	6.3	8.3	11.8
Land Use Fees (public)	0.8	0.0	0.1
Land Use Fees (private)	0.4	2.0	0.7
Property Taxes	1.5	1.5	1.7
Other Taxes (except income)	0.6	0.4	1.8
Snowmaking	6.9	12.2	6.0
Snow Removal	0.2	0.0	0.1
Miscellaneous	2.3	1.4	6.7
Depreciation and Amortization	13.9	12.0	11.6
Subtotal, Common Expenses	*59.4%*	*56.1%*	*63.4%*
Operating Profit (Loss)	*17.4%*	*19.1%*	*13.5%*
Interest Expense	*10.9%*	*7.1%*	*7.1%*
Profit (Loss) before Tax	*6.5%*	*12.0%*	*6.4%*
Base	26	23	13

TABLE 62

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY GEOGRAPHIC LOCATION

PERCENT OF REVENUE

WESTERN REGIONS

	Central Rockies	Northern Rockies	California and Nevada	Pacific Northwest	Western Canada
Revenue					
Ski Lift Gross—Winter	82.5%	77.0%	77.9%	82.4%	71.7%
Ski Lift Gross—Summer	0.5	1.2	1.9	2.3	4.5
Supporting Margin—Winter	14.7	10.7	17.5	17.7	16.0
Supporting Margin—Summer	0.1	0.1	0.6	0.2	0.6
Year-Round Margin	2.2	11.1	2.1	- 2.5	7.3
Total Revenue	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Expenses and Allocations					
Ski Lift Direct Expense	23.2%	23.1%	17.9%	21.2%	28.8%
Payroll Taxes	3.0	2.2	3.3	2.7	0.9
Property Operation	0.6	1.5	3.3	2.4	0.2
Subtotal, Expenses and Allocations	*26.9%*	*26.9%*	*24.5%*	*26.3%*	*29.9%*
Operations Margin	*73.1%*	*73.1%*	*75.5%*	*73.7%*	*70.1%*
Common Expenses					
General and Administrative	12.0%	8.2%	21.0%	16.6%	15.0%
Marketing (advertising, public relations, promotion, etc.)	7.2	7.8	5.1	6.6	7.2
Insurance (property, liability)	4.9	7.0	8.3	7.3	3.1
Land Use Fees (public)	2.5	0.8	1.7	3.1	1.2
Land Use Fees (private)	2.0	2.7	0.4	0.0	0.0
Property Taxes	2.2	2.0	1.7	2.1	1.7
Other Taxes (except income)	0.1	0.1	0.1	0.2	0.0
Snowmaking	2.5	2.2	2.3	0.1	1.3
Snow Removal	0.1	0.4	0.5	0.5	0.9
Miscellaneous	4.1	4.0	2.3	0.1	0.4
Depreciation and Amortization	12.5	10.6	12.9	15.1	15.5
Subtotal, Common Expenses	*50.2%*	*45.9%*	*56.4%*	*51.7%*	*46.5%*
Operating Profit (Loss)	*22.9%*	*27.2%*	*19.1%*	*22.0%*	*23.6%*
Interest Expense	*11.0%*	*4.6%*	*3.9%*	*8.6%*	*8.8%*
Profit (Loss) before Tax	*11.9%*	*22.5%*	*15.2%*	*13.4%*	*14.9%*
Base	20	12	18	11	15

TABLE 63

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN, BY GEOGRAPHIC LOCATION

EASTERN AND MIDWESTERN REGIONS

	New England	East	Midwest
Ski Lift Gross Revenue (Winter)	*100.0%*	*100.0%*	*100.0%*
Direct Labor Expense			
Ski Lift Payroll	4.1%	4.2%	7.7%
Ski Patrol Payroll	1.8	1.8	0.8
Slope Maintenance Payroll	1.8	1.1	2.4
Maintenance and Repair Payroll	2.7	3.7	4.5
Ticket Sales Payroll	1.2	0.8	1.6
Other Payroll	0.7	0.4	0.6
Total Payroll Expense	*12.3%*	*11.8%*	*17.6%*
Payroll Taxes	*2.2%*	*2.8%*	*3.8%*
Other Direct Expense	*8.4%*	*8.7%*	*13.5%*
Total Direct Expense	*22.9%*	*23.3%*	*34.9%*
Gross Margin	*77.1%*	*76.7%*	*65.1%*
Base	9	19	7

TABLE 64

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN, BY GEOGRAPHIC LOCATION

WESTERN REGIONS

	Central Rockies	Northern Rockies	California and Nevada	Pacific Northwest	Western Canada
Ski Lift Gross Revenue (Winter)	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Direct Labor Expense					
Ski Lift Payroll	6.0%	5.3%	4.4%	6.6%	4.8%
Ski Patrol Payroll	2.8	4.1	1.9	1.8	2.3
Slope Maintenance Payroll	2.5	2.4	2.2	1.2	2.1
Maintenance and Repair Payroll	2.0	3.0	3.2	2.9	5.2
Ticket Sales Payroll	1.4	1.5	1.0	1.7	1.2
Other Payroll	2.1	0.9	1.1	0.2	1.3
Total Payroll Expense	*16.7%*	*17.2%*	*13.8%*	*14.4 %*	*17.0%*
Payroll Taxes	*3.3%*	*2.7%*	*4.2%*	*2.9%*	*1.3%*
Other Direct Expense	*10.7%*	*10.3%*	*7.8%*	*7.7%*	*14.2%*
Total Direct Expense	*30.7%*	*30.1%*	*25.8%*	*25.0%*	*32.5%*
Gross Margin	*69.3%*	*69.9%*	*74.2%*	*75.0%*	*67.5%*
Base	12	4	14	5	5

TABLE 65

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET, BY PROFITABILITY

EASTERN AND MIDWESTERN REGIONS

	New England	East	Midwest
Assets			
Current Assets	$ 2,056	$1,136	$ 849
Gross Fixed Assets	18,217	8,245	2,046
Minus: Depreciation	(5,763)	(3,492)	(1,365)
Other Assets	1,818	425	47
TOTAL ASSETS	***$16,329***	***$6,313***	***$1,577***
Liabilities			
Current Liabilities	$ 2,266	$ 560	$ 350
Long-Term Debt	5,465	2,798	455
Subordinated Debt	1,694	180	70
Deferred Taxes	611	214	15
Other Liabilities	476	11	0
SUBTOTAL, LIABILITIES	***$10,512***	***$3,763***	***$ 890***
Net Worth			
Invested	$ 3,558	$ 602	$ 377
Retained Earnings	2,464	2,056	337
Minus: Treasury Stock	(204)	(108)	(27)
SUBTOTAL, NET WORTH	***$ 5,817***	***$2,550***	***$ 687***
TOTAL LIABILITIES AND NET WORTH	***$16,329***	***$6,313***	***$1,577***
Base	25	23	11

TABLE 66

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET, BY PROFITABILITY

WESTERN REGIONS

	Central Rockies	Northern Rockies	California and Nevada	Pacific Northwest	Western Canada
Assets					
Current Assets	$ 2,246	$ 1,908	$ 1,361	$1,033	$ 1,134
Gross Fixed Assets	20,922	11,466	23,160	9,847	18,590
Minus: Depreciation	(6,593)	(5,467)	(11,942)	(4,284)	(8,087)
Other Assets	3,788	733	1,998	231	1,146
Total Assets	***$20,363***	***$ 8,640***	***$14,577***	***$6,827***	***$12,783***
Liabilities					
Current Liabilities	$ 1,741	$ 1,220	$ 1,701	$ 852	$ 1,099
Long-Term Debt	9,142	2,239	3,832	2,124	5,374
Subordinated Debt	736	129	2,180	34	3,939
Deferred Taxes	97	83	77	113	213
Other Liabilities	554	20	480	235	2,881
Subtotal, Liabilities	***$12,270***	***$ 3,691***	***$ 8,270***	***$3,358***	***$13,506***
Net Worth					
Invested	$ 6,207	$ 1,496	$ 3,256	$1,119	$ 4,226
Retained Earnings	1,984	3,468	3,053	2,351	- 4,950
Minus: Treasury Stock	(98)	(16)	(1)	(0)	(0)
Subtotal, Net Worth	***$ 8,093***	***$ 4,949***	***$ 6,307***	***$3,469***	***$ - 723***
Total Liabilities and Net Worth	***$20,363***	***$ 8,640***	***$14,577***	***$6,827***	***$12,783***
Base	18	11	12	10	15

TABLE 67

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

NEW ENGLAND SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$19.09	100.0%	—%	13.1%	8.7%	2.3%	*75.9%*	26
Ski School	1.94	100.0	—	40.6	6.3	8.8	*44.3*	23
Food Service	4.17	100.0	28.6	24.1	14.0	4.7	*28.8*	20
Bar	1.49	100.0	24.3	14.1	12.8	2.8	*46.0*	17
Retail	3.93	100.0	52.5	9.7	5.8	1.8	*30.3*	14
Rental	1.48	100.0	11.1[b]	17.7	6.2	4.0	*61.0*	21
Accommodations	—	100.0	—	25.6	33.4	4.4	*36.7*	13
Other	1.36	100.0	6.7	55.8	29.8	19.7	*- 12.0*	25
TOTAL (PER SKIER VISIT)	*$33.46*							
Year-Round								
Real Estate		100.0%	50.2%	3.5%	7.1%	0.5%	*38.6%*	13
Utility		100.0	—	37.6	46.7	9.2	*6.4*	7
Miscellaneous		100.0	0.1	15.2	24.4	7.2	*53.0*	14
Summer Season								
Lift Department		100.0%	—%	76.4%	45.2%	14.6%	*- 36.2%*	12
Food Service		100.0	33.6	37.8	15.6	6.8	*6.2*	16
Retail		100.0	47.7	24.4	12.0	4.1	*11.8*	11
Sports		100.0	—	38.1	29.3	3.1	*29.6*	10
Accommodations		100.0	—	43.0	30.9	6.6	*19.4*	10
Slide		100.0	0.0	16.1	10.0	2.4	*71.6*	5
Other		100.0	6.6	56.5	142.3	29.3	*-134.7*	11

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 68

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

EAST SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$18.01	100.0%	—%	14.0%	10.3%	2.7%	*73.0%*	23
Ski School	1.87	100.0	—	39.6	6.0	8.8	*45.7*	19
Food Service	4.54	100.0	36.5	29.2	9.7	5.2	*19.3*	16
Bar	2.45	100.0	25.3	14.3	10.0	2.4	*48.0*	13
Retail	1.76	100.0	47.8	10.9	4.8	1.1	*35.4*	9
Rental	2.67	100.0	9.3[b]	17.6	3.7	3.2	*66.1*	18
Accommodations	—	100.0	—	21.1	26.3	2.4	*50.2*	10
Other	0.57	100.0	5.1	15.7	7.3	4.0	*68.0*	20
Total (per skier visit)	*$31.87*							
Year-Round								
Real Estate		100.0%	32.2%	7.4%	4.6%	0.1%	*55.6%*	1
Utility		100.0	—	14.5	29.1	4.0	*52.4*	2
Miscellaneous		100.0	14.5	29.3	6.6	5.9	*43.7*	10
Summer Season								
Lift Department		100.0%	—%	21.1%	16.3%	2.4%	*60.2%*	1
Food Service		100.0	36.6	37.3	12.4	4.2	*9.6*	6
Retail		100.0	59.0	27.8	4.4	0.5	*8.3*	2
Sports		100.0	—	64.8	52.4	4.1	*-21.2*	5
Accommodations		100.0	—	23.2	28.8	0.4	*47.6*	4
Slide		100.0	0.0	28.9	9.9	6.0	*55.1*	3
Other		100.0	0.0	0.0	0.0	0.0	*100.0*	1

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 69

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

MIDWEST SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$12.16	100.0%	—%	19.4%	12.3%	3.3%	*65.0%*	13
Ski School	1.01	100.0	—	41.8	13.6	7.1	*37.5*	9
Food Service	3.39	100.0	36.3	23.1	10.2	4.6	*25.8*	13
Bar	1.94	100.0	31.0	16.9	12.5	3.1	*36.6*	10
Retail	2.12	100.0	57.9	16.3	5.0	2.8	*18.1*	9
Rental	3.88	100.0	10.6[b]	11.9	4.7	1.9	*71.0*	12
Accommodations	—	100.0	—	29.6	23.4	3.9	*43.1*	5
Other	0.97	100.0	1.1	4.9	1.8	0.4	*91.9*	11
Total (per skier visit)	*$25.47*							
Year-Round								
Real Estate		100.0%	0.0%	0.0%	0.0%	0.0%	*100.0%*	1
Utility		—	—	—	—	—	—	0
Miscellaneous		100.0	0.0	0.0	0.0	0.0	*100.0*	7
Summer Season								
Lift Department		—%	—%	—%	—%	—%	—%	0
Food Service		100.0	37.7	28.9	10.2	7.3	*16.0*	4
Retail		—	—	—	—	—	—	0
Sports		100.0	—	12.4	7.9	2.2	*77.6*	1
Accommodations		100.0	—	30.1	26.0	6.3	*37.6*	2
Slide		100.0	0.0	62.7	0.0	0.0	*37.3*	1
Other		100.0	7.2	36.1	15.5	4.1	*37.1*	2

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 70

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

CENTRAL ROCKIES SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	Percent	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
Winter Season								
Ski Lift Department	$19.39	100.0%	—%	16.9%	11.0%	3.6%	68.5%	20
Ski School	3.29	100.0	—	47.3	5.4	8.9	38.4	20
Food Service	3.35	100.0	27.7	26.4	12.4	4.1	29.4	16
Bar	0.86	100.0	25.0	22.1	12.8	3.3	36.7	15
Retail	1.06	100.0	50.3	12.5	6.5	2.6	28.1	17
Rental	0.89	100.0	13.9[b]	21.0	9.3	4.0	51.8	15
Accommodations	—	100.0	—	35.2	40.7	11.5	12.7	6
Other	0.83	100.0	3.3	35.3	7.6	7.7	46.1	20
TOTAL (PER SKIER VISIT)	$29.67							
Year-Round								
Real Estate		100.0%	70.1%	4.2%	8.1%	0.6%	17.0%	3
Utility		—	—	—	—	—	—	1
Miscellaneous		100.0	0.0	11.3	6.6	1.0	81.1	12
Summer Season								
Lift Department		100.0%	—%	31.5%	18.9%	8.6%	41.0%	5
Food Service		100.0	27.3	51.0	22.9	9.2	-10.3	8
Retail		100.0	55.8	20.1	23.7	3.2	-2.9	1
Sports		100.0	—	37.6	24.1	6.7	31.6	2
Accommodations		100.0	—	67.6	50.5	15.3	-33.5	2
Slide		100.0	0.0	32.7	13.5	8.1	45.6	2
Other		100.0	0.0	119.4	80.6	21.0	-121.0	3

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 71

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

NORTHERN ROCKIES SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$17.87	100.0%	—%	17.5%	10.9%	2.7%	*68.9%*	12
Ski School	3.30	100.0	—	49.6	13.2	5.5	*31.6*	9
Food Service	3.10	100.0	34.5	29.6	9.9	5.1	*21.0*	7
Bar	0.51	100.0	33.8	14.7	9.6	2.7	*39.2*	6
Retail	0.74	100.0	51.6	8.1	2.0	1.3	*37.1*	5
Rental	0.83	100.0	18.8[b]	18.8	13.5	1.8	*47.2*	6
Accommodations	—	100.0	—	24.2	39.5	4.1	*32.2*	3
Other	0.52	100.0	4.2	41.7	23.1	6.8	*24.0*	11
Total (per skier visit)	*$26.87*							
Year-Round								
Real Estate		100.0%	41.5%	0.0%	1.0%	0.0%	*57.5%*	1
Utility		100.0	—	38.6	37.9	9.8	*13.6*	2
Miscellaneous		100.0	0.0	20.8	0.0	3.2	*76.1*	6
Summer Season								
Lift Department		100.0%	—%	65.6%	44.4%	11.4%	*-21.4%*	8
Food Service		100.0	33.1	35.1	25.3	11.4	*-4.9*	7
Retail		100.0	88.0	48.0	36.0	8.0	*-80.0*	2
Sports		—	—	—	—	—	—	0
Accommodations		100.0	—	66.3	28.6	12.2	*-7.1*	2
Slide		100.0	0.0	29.4	18.5	1.1	*51.0*	2
Other		100.0	0.0	401.9	198.1	61.1	*-561.1*	5

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 72

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

CALIFORNIA AND NEVADA SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$22.82	100.0%	—%	14.1%	7.8%	4.1%	*74.1%*	18
Ski School	1.96	100.0	—	48.9	4.6	12.3	*34.2*	17
Food Service	4.01	100.0	34.1	25.2	3.9	4.3	*32.5*	17
Bar	1.14	100.0	23.6	13.0	3.2	2.5	*57.7*	13
Retail	2.77	100.0	49.3	8.2	2.7	1.5	*38.2*	13
Rental	1.92	100.0	11.9[b]	22.0	3.5	4.2	*58.4*	15
Accommodations	—	100.0	—	34.5	16.7	5.4	*43.4*	6
Other	1.02	100.0	5.8	29.4	24.3	5.3	*35.1*	18
Total (per skier visit)	*$35.63*							
Year-Round								
Real Estate		100.0%	59.8%	6.8%	3.9%	1.2%	*28.4%*	2
Utility		100.0	—	34.2	155.2	3.3	*- 92.7*	2
Miscellaneous		100.0	3.1	2.8	0.0	0.5	*93.6*	6
Summer Season								
Lift Department		100.0%	—%	28.9%	16.8%	5.6%	*48.7%*	10
Food Service		100.0	36.2	39.4	7.6	7.3	*9.5*	6
Retail		100.0	50.4	28.8	11.0	2.8	*6.9*	6
Sports		100.0	—	21.0	18.1	5.8	*55.1*	2
Accommodations		100.0	—	55.0	45.5	10.7	*- 11.1*	5
Slide		100.0	—	—	—	—	—	0
Other		100.0	0.4	18.2	32.8	4.3	*44.3*	4

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 73

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

PACIFIC NORTHWEST SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$13.41	100.0%	—%	14.9%	8.7%	3.0%	*73.4%*	11
Ski School	0.95	100.0	—	60.7	5.7	11.7	*21.9*	10
Food Service	2.94	100.0	32.6	25.7	8.7	4.7	*28.3*	11
Bar	1.40	100.0	25.7	17.8	6.2	3.0	*47.2*	9
Retail	1.78	100.0	47.8	11.3	1.9	1.9	*37.2*	8
Rental	1.58	100.0	11.8[b]	16.4	4.6	2.8	*64.4*	8
Accommodations	—	100.0	—	17.3	9.7	3.6	*69.4*	2
Other	0.84	100.0	2.6	69.4	59.8	11.9	*-43.7*	11
Total (per skier visit)	*$22.90*							
Year-Round								
Real Estate		—%	—%	—%	—%	—%	—%	0
Utility		100.0	—	1,178.2	1,576.4	118.2	*-2,772.7*	1
Miscellaneous		100.0	15.3	4.4	8.7	0.6	*71.0*	5
Summer Season								
Lift Department		100.0%	—%	54.2%	24.8%	9.4%	*11.6%*	3
Food Service		100.0	29.1	29.4	12.2	5.3	*24.0*	3
Retail		100.0	46.4	24.0	3.3	4.3	*21.9*	2
Sports		100.0	—	89.3	14.3	19.0	*-22.6*	2
Accommodations		100.0	—	15.6	12.6	3.2	*68.7*	2
Slide		—	—	—	—	—	—	0
Other		100.0	125.6	593.0	1,083.7	107.0	*-1,809.3*	2

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 74

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN

WESTERN CANADA SKI AREAS

	Gross Sales		Less					
	Per Skier Visit[a]	*Percent*	*Cost of Goods Sold*	*Direct Labor*	*Direct Other*	*Payroll Taxes*	Gross Margin	Base
Winter Season								
Ski Lift Department	$16.94	100.0%	—%	18.9%	14.1%	1.1%	*66.0%*	15
Ski School	1.94	100.0	—	42.8	11.7	2.5	*42.9*	12
Food Service	3.46	100.0	39.1	28.1	11.2	1.1	*20.5*	14
Bar	1.80	100.0	35.7	21.7	11.3	0.7	*30.6*	12
Retail	3.06	100.0	54.5	9.8	3.5	1.8	*30.4*	7
Rental	1.92	100.0	16.3[b]	23.3	2.8	1.5	*56.1*	9
Accommodations	—	100.0	—	25.1	33.1	0.0	*41.8*	3
Other	0.65	100.0	4.0	52.1	20.2	2.7	*21.0*	12
Total (per skier visit)	*$29.77*							
Year-Round								
Real Estate		100.0%	0.8%	0.3%	71.5%	0.0%	*27.4%*	6
Utility		100.0	—	32.8	110.3	1.2	*-44.3*	4
Miscellaneous		100.0	8.6	7.4	16.7	0.3	*67.0*	8
Summer Season								
Lift Department		100.0%	—%	52.2%	61.4%	3.9%	*-17.6%*	6
Food Service		100.0	38.1	32.5	10.8	2.6	*16.0*	3
Retail		100.0	33.8	36.9	13.9	4.0	*11.4*	3
Sports		—	—	—	—	—	—	0
Accommodations		100.0	—	35.5	9.2	0.0	*55.3*	1
Slide		—	—	—	—	—	—	0
Other		100.0	11.3	177.5	177.5	16.9	*-283.1*	3

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

VIII

CHARACTERISTICS BY SIZE; BY DAY, WEEKEND, AND VACATION SKI AREAS; AND BY LENGTH OF SKI SEASON

Several additional computer runs sort the data already presented into further categories. This chapter presents data with a brief discussion of relevant findings. The tables follow the chapter text.

CHARACTERISTICS BY SIZE

Tables 75 through 81 present the various statistics by ski area size. Ski areas are divided into five size increments on the basis of VTF/hour. The category "Under 2,500" contains the smallest areas, while "10,000 and Over" has the giants.

CHARACTERISTICS BY TYPE OF SKI AREA (DAY, WEEKEND, AND VACATION)

Tables 82 through 88 provide the statistics by ski area type. The ski area type categories refer to the differing markets which areas are designed to serve. Areas may be defined as day-use-oriented where skiers commute from home for the day; as weekend-use-oriented where skiers generally spend one or two nights at the area, typically on weekend outings; and as vacation-use-oriented where average stays are four days or more. Operating profit on GFA is best this year at weekend areas. Vacation areas reported the highest profit before taxes and the largest revenue per skier visit.

CHARACTERISTICS BY LENGTH OF SEASON

Ski areas are characteristically high-fixed-cost operations with heavy investment in fixed assets and a relatively short operating season. Thus the length of the ski season tends to be a variable that is critical to profitability. Tables 89 through 95 are based on the number of days areas were open during the season, with a range from "Less than 80 Days" to "160 Days and Over." The **Days/Nights of Operation** figures shown in these tables are the equivalent days/nights of full operation, as discussed in Chapter II. For example, the areas grouped under the "160 Days and Over" heading were open an average of more than 160 days, but after adjustment for the proportion of facilities actually available, their average equivalent day/nights of full operation is 154.

TABLE 75

AVERAGE SKI AREA CHARACTERISTICS, BY SIZE
(000)
VTF/HOUR

	Under 2,500	2,500 to 3,999	4,000 to 5,499	5,500 to 9,999	10,000 and over
Size					
VTF/Hour (000)	1,573	3,182	4,731	7,379	19,018
Gross Fixed Assets (000)	$3,070	$5,707	$8,000	$11,966	$33,094
Skiable Acres	111	246	475	559	1,511
Total Acres	326	786	1,408	1,236	4,451
Location					
Within 50 Miles of SMSA	50%	38%	38%	48%	26%
With 6 or More Areas within 1 Hour	25%	23%	24%	45%	47%
New England	13%	15%	14%	21%	26%
East	21%	23%	24%	18%	3%
Midwest	42%	12%	0%	0%	0%
Central Rockies	0%	19%	14%	12%	24%
Northern Rockies	4%	4%	5%	21%	6%
California and Nevada	8%	12%	5%	15%	21%
Pacific Northwest	4%	12%	14%	0%	12%
Western Canada	8%	4%	24%	12%	9%
Site Characteristics					
Number of Beds at Base[a]	269	340	638	912	4,349
Number of Beds (10 miles)[a]	1,736	1,551	3,102	3,342	10,086
With Snowmaking	83%	62%	57%	70%	76%
With Night Skiing	71%	65%	43%	33%	21%
Terrain					
Beginner	24%	26%	25%	25%	25%
Intermediate	52%	49%	48%	47%	45%
Expert	24%	25%	27%	28%	31%
Business Characteristics					
Operating with USFS Permit	13%	38%	29%	55%	59%
Engaged in Land Development	21%	27%	38%	48%	62%
Operational Characteristics					
Average Days/Nights of Operation	117	139	111	119	135
Average Peak Day Crowd	1,731	3,099	3,779	4,617	10,213
Average Skier Visits (000)	55,525	115,603	135,168	209,151	521,522
Average Age of Ski Areas	26 years	28 years	27 years	32 years	29 years

Continued ...

TABLE 75 (CONTINUED)

AVERAGE SKI AREA CHARACTERISTICS, BY SIZE
(000)
VTF/HOUR

	UNDER 2,500	2,500 TO 3,999	4,000 TO 5,499	5,500 TO 9,999	10,000 AND OVER
Economic Characteristics					
Average Revenue/Skier Visit	$ 16.03	$ 19.90	$ 19.85	$ 20.53	$ 24.62
Average Lift Ticket Revenue/Skier Visit	$ 11.13	$ 15.21	$ 15.98	$ 17.21	$ 20.99
Average Adult Lift Ticket Price					
Weekend	$ 19.46	$ 22.43	$ 25.10	$ 25.74	$ 30.22
Weekday	$ 15.89	$ 19.73	$ 22.05	$ 23.30	$ 29.16
Average Night Ticket Price					
Weekend	$ 11.90	$ 14.51	$ 14.33	$ 14.55	$ 11.04
Weekday	$ 11.35	$ 13.95	$ 14.22	$ 13.64	$ 10.61
Average Adult Season Ticket Price	$264	$371	$383	$493	$ 610
Average Utilization	43.2%	39.1%	38.3%	35.6%	29.6%
Average Profit (Loss) before Tax	($ 34)	$ 79	$195	$504	$2,201
Ratio: Revenue/GFA	41.8%	41.2%	38.0%	39.1%	41.8%
Base	**24**	**26**	**21**	**33**	**34**

[a]For those areas reporting beds.

TABLE 76

ECONOMIC RATIOS, BY SIZE
(000)
VTF/HOUR

TEXT NOTE[n]	FACTOR OR RATIO	KEY	UNDER 2,500	2,500 TO 3,999	4,000 TO 5,499	5,500 TO 9,999	10,000 AND OVER
	KEY FACTORS						
	VTF/Hour (000)[a]	A	1,573	3,182	4,731	7,379	19,018
	VTF/Hour--Demand/Skier Capacity[b]	B	1,500	1,500	1,500	1,500	1,500
	Skier Capacity	C	1,049	2,121	3,154	4,919	12,679
	Days/Nights of Operation[a]	D	117	139	111	119	135
	Season Capacity (000)	E	128	296	353	588	1,760
	Day Season Capacity (000)		92	223	311	526	1,729
	Night Season Capacity (000)		52	110	98	186	147
	Actual Skier Visits (000)[a]	F	56	116	135	209	522
	Day Skier Visits (000)[c]		44	92	123	191	513
	Night Skier Visits (000)[c]		17	36	28	66	41
	Profit (Loss) before Tax (000)[d]	G	($ 34)	$ 79	$ 195	$ 504	$ 2,201
	Plus: Depreciation (000)[d]	H	$ 155	$ 258	$ 409	$ 613	$ 1,852
	Before-Tax Cash Flow (000)[e]	I	$ 121	$ 338	$ 603	$ 1,116	$ 4,052
	Operating Profit (Loss) (000)[d]	J	$ 80	$ 258	$ 497	$ 851	$ 3,332
	Cash Operating Costs (000)[f]	K	$1,050	$1,838	$2,133	$ 3,213	$ 8,658
	Gross Fixed Assets (000)[d]	L	$3,070	$5,707	$8,000	$11,966	$33,094
	Long-Term Debt (000)[g]	M	$1,216	$1,666	$3,934	$ 4,810	$12,266
	Equity (000)[h]	N	$ 854	$2,251	$1,238	$ 2,461	$10,366

Continued ...

TABLE 76 (CONTINUED)

ECONOMIC RATIOS, BY SIZE
(000)

VTF/HOUR

TEXT NOTE[n]	FACTOR OR RATIO	UNDER 2,500	2,500 TO 3,999	4,000 TO 5,499	5,500 TO 9,999	10,000 AND OVER
	CRITICAL RATIOS					
1,A	*Health (Debt to Cash Flow)*[i]	10.0X	4.9X	6.5X	4.3X	3.0X
B	*Profitability*					
2	Operating Profit on GFA[j]	2.6%	4.5%	6.2%	7.1%	10.1%
3	Profit (BT) on Equity[k]	- 4.0%	3.5%	15.8%	20.5%	21.2%
C	*Performance*					
4	Average Utilization[a]	43.2%	39.1%	38.3%	35.6%	29.6%
	Day Utilization	47.7%	41.2%	39.6%	36.3%	29.7%
	Night Utilization	32.2%	32.6%	28.4%	35.4%	28.0%
5	Days/Nights of Operation[a]	117	139	111	119	135
D	*Policy and Planning*					
6	Capital Cost/Capacity[l]	$2,928	$2,691	$2,537	$2,432	$2,610
7	Operating Cost/Capacity[m]	$ 8.17	$ 6.22	$ 6.05	$ 5.46	$ 4.92
E	*Revenue/Skier Visit (Average for All Areas)*					
	Ski Lift Gross	$ 11.13	$ 15.21	$ 15.98	$ 17.21	$ 20.99
	Ski School Margin	$ 0.54	$ 1.10	$ 0.77	$ 0.40	$ 0.92
	Food Service Margin	$ 0.73	$ 0.60	$ 0.68	$ 1.09	$ 1.00
	Bar Margin	$ 0.43	$ 0.49	$ 0.56	$ 0.55	$ 0.39
	Ski Shop Margin	$ 0.55	$ 0.41	$ 0.54	$ 0.43	$ 0.61
	Ski Rental Margin	$ 1.87	$ 1.72	$ 1.01	$ 0.76	$ 0.58
	Other Margin	$ 0.78	$ 0.37	$ 0.31	$ 0.09	$ 0.13
8	*TOTAL REVENUE/SKIER VISIT*	*$ 16.03*	*$ 19.90*	*$ 19.85*	*$ 20.53*	*$ 24.62*
	Base	**24**	**26**	**21**	**33**	**34**

[a] See Table 75.

[b] B = A / C.

[c] Data collected from USIA Annual Economic Survey, 1988-89 Season; not presented elsewhere in this publication.

[d] See Table 77.

[e] I = G + H.

[f] Using figures from Table 77, K = Total Revenue — Profit (Loss) before Tax — Depreciation and Amortization — Interest.

[g] Using figures from Table 81, M = Long-term Debt + Subordinated Debt.

[h] Using figures from Table 81, N = Invested Net Worth + Retained Earnings — Treasury Stock.

[i] Ratio = M / I.

[j] Ratio = J / L.

[k] Ratio = G / N.

[l] Ratio = L / C.

[m] Ratio = K / E.

[n] See Pages 31-37 for related Text Notes.

TABLE 77

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY SIZE
(000)

VTF/HOUR

	Under 2,500	2,500 to 3,999	4,000 to 5,499	5,500 to 9,999	10,000 and over
Gross Fixed Assets	*$3,070*	*$5,707*	*$8,000*	*$11,966*	*$33,094*
Revenue					
Ski Lift Gross—Winter	$ 618	$1,759	$2,160	$ 3,600	$10,948
Ski Lift Gross—Summer	2	10	123	27	187
Supporting Margin—Winter	450	567	637	780	2,078
Supporting Margin—Summer	131	5	54	175	- 43
Year-Round Margin	84	13	64	94	671
Total Revenue	*$1,285*	*$2,354*	*$3,038*	*$ 4,677*	*$13,842*
Expenses and Allocations					
Ski Lift Direct Expense	$ 217	$ 511	$664	$ 990	$ 2,765
Payroll Taxes	16	76	66	122	318
Property Operation	89	60	85	202	267
Subtotal, Expenses and Allocations	*$ 322*	*$ 647*	*$815*	*$ 1,314*	*$ 3,349*
Operations Margin	*$ 963*	*$1,707*	*$2,223*	*$ 3,363*	*$10,493*
Common Expenses					
General and Administrative	$ 236	$ 463	$ 514	$ 681	$ 1,963
Marketing (advertising, public relations, promotion, etc.)	103	194	213	371	980
Insurance (property, liability)	132	204	225	341	796
Land Use Fees (public)	1	27	25	48	236
Land Use Fees (private)	3	50	26	28	160
Property Taxes	20	44	42	84	257
Other Taxes (except income)	8	14	6	14	39
Snowmaking	72	163	212	248	472
Snow Removal	2	14	23	10	37
Miscellaneous	150	17	32	74	369
Depreciation and Amortization	155	258	409	613	1,852
Subtotal, Common Expenses	*$ 883*	*$1,449*	*$1,726*	*$ 2,512*	*$ 7,161*
Operating Profit (Loss)	*$ 80*	*$ 258*	*$ 497*	*$ 851*	*$ 3,332*
Interest Expense	*$ 114*	*$ 178*	*$ 302*	*$ 348*	*$ 1,132*
Profit (Loss) before Tax	*($ 34)*	*$ 79*	*$ 195*	*$ 504*	*$ 2,201*
Base	24	26	21	33	34

TABLE 78

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY SIZE
(000)

VTF/HOUR

PERCENT OF GROSS FIXED ASSETS

	UNDER 2,500	2,500 TO 3,999	4,000 TO 5,499	5,500 TO 9,999	10,000 AND OVER
GROSS FIXED ASSETS	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Revenue					
Ski Lift Gross—Winter	20.1%	30.8%	27.0%	30.1%	33.1%
Ski Lift Gross—Summer	0.1	0.2	1.5	0.2	0.6
Supporting Margin—Winter	14.7	9.9	8.0	6.5	6.3
Supporting Margin—Summer	4.3	0.1	0.7	1.5	- 0.1
Year-Round Margin	2.7	0.2	0.8	0.8	2.0
TOTAL REVENUE	*41.8%*	*41.2%*	*38.0%*	*39.1%*	*41.8%*
Expenses and Allocations					
Ski Lift Direct Expense	7.1%	8.9%	8.3%	8.3%	8.4%
Payroll Taxes	0.5	1.3	0.8	1.0	1.0
Property Operation	2.9	1.1	1.1	1.7	0.8
SUBTOTAL, EXPENSES AND ALLOCATIONS	*10.5%*	*11.3%*	*10.2%*	*11.0%*	*10.1%*
OPERATIONS MARGIN	*31.3%*	*29.9%*	*27.8%*	*28.1%*	*31.7%*
Common Expenses					
General and Administrative	7.7%	8.1%	6.4%	5.7%	5.9%
Marketing (advertising, public relations, promotion, etc.)	3.4	3.4	2.7	3.1	3.0
Insurance (property, liability)	4.3	3.6	2.8	2.8	2.4
Land Use Fees (public)	0.0	0.5	0.3	0.4	0.7
Land Use Fees (private)	0.1	0.9	0.3	0.2	0.5
Property Taxes	0.6	0.8	0.5	0.7	0.8
Other Taxes (except income)	0.2	0.3	0.1	0.1	0.1
Snowmaking	2.3	2.9	2.7	2.1	1.4
Snow Removal	0.1	0.2	0.3	0.1	0.1
Miscellaneous	4.9	0.3	0.4	0.6	1.1
Depreciation and Amortization	5.0	4.5	5.1	5.1	5.6
SUBTOTAL, COMMON EXPENSES	*28.7%*	*25.4%*	*21.6%*	*21.0%*	*21.6%*
OPERATING PROFIT (LOSS)	*2.6%*	*4.5%*	*6.2%*	*7.1%*	*10.1%*
INTEREST EXPENSE	*3.7%*	*3.1%*	*3.8%*	*2.9%*	*3.4%*
PROFIT (LOSS) BEFORE TAX	*- 1.1%*	*1.4%*	*2.4%*	*4.2%*	*6.6%*
Base	24	26	21	33	34

TABLE 79

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY SIZE
(000)

VTF/HOUR

PERCENT OF REVENUE

	UNDER 2,500	2,500 TO 3,999	4,000 TO 5,499	5,500 TO 9,999	10,000 AND OVER
Revenue					
Ski Lift Gross—Winter	48.1%	74.7%	71.1%	77.0%	79.1%
Ski Lift Gross—Summer	0.2	0.4	4.1	0.6	1.4
Supporting Margin—Winter	35.1	24.1	21.0	16.7	15.0
Supporting Margin—Summer	10.2	0.2	1.8	3.7	- 0.3
Year-Round Margin	6.5	0.5	2.1	2.0	4.9
TOTAL REVENUE	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Expenses and Allocations					
Ski Lift Direct Expense	16.9%	21.7%	21.8%	21.2%	20.0%
Payroll Taxes	1.3	3.2	2.2	2.6	2.3
Property Operation	6.9	2.6	2.8	4.3	1.9
SUBTOTAL, EXPENSES AND ALLOCATIONS	*25.1%*	*27.5%*	*26.8%*	*28.1%*	*24.2%*
OPERATIONS MARGIN	*74.9%*	*72.5%*	*73.2%*	*71.9%*	*75.8%*
Common Expenses					
General and Administrative	18.4%	19.7%	16.9%	14.6%	14.2%
Marketing (advertising, public relations, promotion, etc.)	8.0	8.3	7.0	7.9	7.1
Insurance (property, liability)	10.3	8.7	7.4	7.3	5.7
Land Use Fees (public)	0.1	1.1	0.8	1.0	1.7
Land Use Fees (private)	0.2	2.1	0.8	0.6	1.2
Property Taxes	1.5	1.9	1.4	1.8	1.9
Other Taxes (except income)	0.6	0.6	0.2	0.3	0.3
Snowmaking	5.6	6.9	7.0	5.3	3.4
Snow Removal	0.2	0.6	0.8	0.2	0.3
Miscellaneous	11.7	0.7	1.1	1.6	2.7
Depreciation and Amortization	12.1	11.0	13.4	13.1	13.4
SUBTOTAL, COMMON EXPENSES	*68.7%*	*61.6%*	*56.9%*	*53.7%*	*51.7%*
OPERATING PROFIT (LOSS)	*6.2%*	*10.9%*	*16.3%*	*18.2%*	*24.1%*
INTEREST EXPENSE	*8.9%*	*7.6%*	*9.9%*	*7.4%*	*8.2%*
PROFIT (LOSS) BEFORE TAX	*- 2.6%*	*3.4%*	*6.4%*	*10.8%*	*15.9%*
Base	24	26	21	33	34

TABLE 80

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN, BY SIZE
(000)
VTF/HOUR

	Under 2,500	2,500 to 3,999	4,000 to 5,499	5,500 to 9,999	10,000 and over
Ski Lift Gross Revenue (Winter)	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Direct Labor Expense					
Ski Lift Payroll	9.2%	5.2%	5.1%	5.4%	4.7%
Ski Patrol Payroll	2.3	2.0	2.1	2.9	2.1
Slope Maintenance Payroll	2.7	1.5	1.4	1.8	2.2
Maintenance and Repair Payroll	4.8	2.6	5.2	2.9	2.8
Ticket Sales Payroll	3.3	1.0	1.3	1.3	1.2
Other Payroll	0.4	1.2	0.8	1.2	1.2
Total Payroll Expense	*22.7%*	*13.6 %*	*15.9%*	*15.5%*	*14.2%*
Payroll Taxes	*4.1%*	*4.1%*	*2.4%*	*3.3%*	*2.8%*
Other Direct Expense	*14.9%*	*10.8%*	*8.1%*	*9.3%*	*9.4%*
Total Direct Expense	***41.7%***	***28.5%***	***26.5%***	***28.1%***	***26.4%***
Gross Margin	***58.3%***	***71.5%***	***73.5%***	***71.9%***	***73.6%***
Base	22	26	21	29	31

TABLE 81

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET, BY SIZE
(000)
VTF/HOUR

	Under 2,500	2,500 to 3,999	4,000 to 5,499	5,500 to 9,999	10,000 and over
Assets					
Current Assets	$ 658	$ 466	$ 840	$ 1,755	$ 2,986
Gross Fixed Assets	3,003	6,073	8,297	12,169	33,055
Minus: Depreciation	(1,500)	(2,327)	(3,372)	(4,533)	(13,280)
Other Assets	236	410	524	1,004	3,646
TOTAL ASSETS	***$2,397***	***$4,622***	***$6,288***	***$10,396***	***$ 26,407***
Liabilities					
Current Liabilities	$ 292	$ 401	$ 875	$ 1,411	$ 2,675
Long-Term Debt	949	1,081	3,877	2,915	10,181
Subordinated Debt	267	585	58	1,895	2,086
Deferred Taxes	11	22	81	357	452
Other Liabilities	24	282	159	1,357	647
SUBTOTAL, LIABILITIES	***$1,543***	***$2,371***	***$5,050***	***$ 7,935***	***$16,041***
Net Worth					
Invested	$ 753	$1,871	$1,764	$ 1,896	$ 6,001
Retained Earnings	152	380	(356)	695	4,416
Minus: Treasury Stock	(51)	(0)	(170)	(130)	(50)
SUBTOTAL, NET WORTH	***$ 854***	***$2,251***	***$1,238***	***$ 2,461***	***$10,366***
TOTAL LIABILITIES AND NET WORTH	***$2,397***	***$4,622***	***$6,288***	***$10,396***	***$26,407***
Base	18	24	19	31	33

TABLE 82

AVERAGE SKI AREA CHARACTERISTICS, BY TYPE OF SKI AREA

	Day	Weekend	Vacation
Size			
VTF/Hour (000)	4,932	8,854	13,988
Gross Fixed Assets (000)	$7,185	$13,264	$28,798
Skiable Acres	418	645	1,133
Total Acres	979	1,496	3,900
Location			
Within 50 Miles of SMSA	47%	38%	26%
With 6 or More Areas within 1 Hour	29%	44%	38%
New England	11%	31%	24%
East	17%	25%	6%
Midwest	14%	9%	0%
Central Rockies	7%	9%	32%
Northern Rockies	10%	3%	12%
California and Nevada	17%	13%	6%
Pacific Northwest	13%	3%	3%
Western Canada	10%	6%	18%
Site Characteristics			
Number of Beds at Base[a]	334	2,336	2,959
Number of Beds (10 miles)[a]	1,889	6,167	7,170
With Snowmaking	61%	78%	82%
With Night Skiing	57%	53%	12%
Terrain			
Beginner	24%	27%	24%
Intermediate	49%	47%	48%
Expert	27%	26%	28%
Business Characteristics			
Operating with USFS Permit	43%	34%	47%
Engaged in Land Development	27%	47%	68%
Operational Characteristics			
Average Days/Nights of Operation	127	124	130
Average Peak Day Crowd	3,475	5,822	7,892
Average Skier Visits (000)	140,107	238,787	421,295
Average Age of Ski Areas	28 years	31 years	28 years

Continued ...

TABLE 82 (CONTINUED)

AVERAGE SKI AREA CHARACTERISTICS, BY TYPE OF SKI AREA

	DAY	WEEKEND	VACATION
Economic Characteristics			
Average Revenue/Skier Visit	$ 19.23	$ 24.24	$ 23.81
Average Lift Ticket Revenue/Skier Visit	$ 15.54	$ 20.04	$ 20.32
Average Adult Lift Ticket Price			
Weekend	$ 22.22	$ 27.33	$ 28.97
Weekday	$ 19.49	$ 23.28	$ 28.61
Average Night Ticket Price			
Weekend	$ 12.98	$ 14.35	$ 13.00
Weekday	$ 12.51	$ 13.71	$ 12.25
Average Adult Season Ticket Price	$374	$484	$ 567
Average Utilization	33.7%	29.2%	34.1%
Average Profit (Loss) before Tax	$222	$844	$1,589
Ratio: Revenue/GFA	39.4%	49.0%	38.2%
Base	70	32	34

[a]For those areas reporting beds.

TABLE 83

ECONOMIC RATIOS, BY TYPE OF SKI AREA

TEXT NOTE[n]	FACTOR OR RATIO	KEY	DAY	WEEKEND	VACATION	YOUR SKI AREA
	KEY FACTORS					
	VTF/Hour (000)[a]	A	4,932	8,854	13,988	_____
	VTF/Hour—Demand/Skier Capacity[b]	B	1,500	1,500	1,500	_____
	Skier Capacity	C	3,288	5,903	9,325	_____
	Days/Nights of Operation[a]	D	127	124	130	_____
	Season Capacity (000)	E	416	817	1,236	_____
	Day Season Capacity (000)		354	757	1,224	_____
	Night Season Capacity (000)		110	113	101	_____
	Actual Skier Visits (000)[a]	F	140	239	421	_____
	Day Skier Visits (000)[c]		121	220	417	_____
	Night Skier Visits (000)[c]		34	36	40	_____
	Profit (Loss) before Tax (000)[d]	G	$ 222	$ 844	$ 1,589	$_____
	Plus: Depreciation (000)[d]	H	$ 380	$ 807	$ 1,459	$_____
	Before-Tax Cash Flow (000)[e]	I	$ 602	$ 1,652	$ 3,048	$_____
	Operating Profit (Loss) (000)[d]	J	$ 449	$ 1,276	$ 2,588	$_____
	Cash Operating Costs (000)[f]	K	$2,001	$ 4,415	$ 6,950	$_____
	Gross Fixed Assets (000)[d]	L	$7,185	$13,264	$28,798	$_____
	Long-Term Debt (000)[g]	M	$2,247	$ 4,670	$12,694	$_____
	Equity (000)[h]	N	$2,465	$ 3,401	$ 7,960	$_____

Continued ...

TABLE 83 (CONTINUED)

ECONOMIC RATIOS, BY TYPE OF SKI AREA

Text Note[n]	Factor or Ratio	Day	Weekend	Vacation	Your Ski Area
	CRITICAL RATIOS				
1,A	*Health (Debt to Cash Flow)*[i]	3.7X	2.8X	4.2X	_____X
B	*Profitability*				
2	Operating Profit on GFA[j]	6.2%	9.6%	9.0%	_____%
3	Profit (BT) on Equity[k]	9.0%	24.8%	20.0%	_____%
C	*Performance*				
4	Average Utilization[a]	33.7%	29.2%	34.1%	_____%
	Day Utilization	34.2%	29.0%	34.0%	_____%
	Night Utilization	30.9%	31.8%	39.5%	_____%
5	Days/Nights of Operation[a]	127	124	130	_____
D	*Policy and Planning*				
6	Capital Cost/Capacity[l]	$2,186	$2,247	$3,088	$_____
7	Operating Cost/Capacity[m]	$ 4.81	$ 5.40	$ 5.62	$_____
E	*Revenue/Skier Visit (Average for All Areas)*				
	Ski Lift Gross	$ 15.54	$ 20.04	$ 20.32	$_____
	Ski School Margin	$ 0.64	$ 0.51	$ 1.04	$_____
	Food Service Margin	$ 0.78	$ 1.06	$ 0.99	$_____
	Bar Margin	$ 0.48	$ 0.52	$ 0.40	$_____
	Ski Shop Margin	$ 0.40	$ 0.70	$ 0.56	$_____
	Ski Rental Margin	$ 1.14	$ 0.91	$ 0.55	$_____
	Other Margin	$ 0.26	$ 0.50	$ - 0.07	$_____
8	*Total Revenue/Skier Visit*	*$ 19.23*	*$ 24.24*	*$ 23.81*	$_____
	Base	70	32	34	

[a] ee Table 82.

[b] B = A / C.

[c] See Table 18.

[d] See Table 84.

[e] I = G + H.

[f] Using figures from Table 84, K = Total Revenue — Profit (Loss) before Tax — Depreciation and Amortization — Interest.

[g] Using figures from Table 88, M = Long-term Debt + Subordinated Debt.

[h] Using figures from Table 88, N = Invested Net Worth + Retained Earnings — Treasury Stock.

[i] Ratio = M / I.

[j] Ratio = J / L.

[k] Ratio = G / N.

[l] Ratio = L / C.

[m] Ratio = K / E.

[n] See Pages31-37 for related Text Notes.

TABLE 84

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)	Your Ski Area
Gross Fixed Assets	***$7,185***	***$13,264***	***$28,798***	***$_____***
Revenue				
Ski Lift Gross—Winter	$2,177	$ 4,786	$ 8,560	$_____
Ski Lift Gross—Summer	28	123	124	_____
Supporting Margin—Winter	533	1,159	1,779	_____
Supporting Margin—Summer	61	158	- 18	_____
Year-Round Margin	30	271	553	_____
Total Revenue	*$2,830*	*$ 6,498*	*$10,997*	*$_____*
Expenses and Allocations				
Ski Lift Direct Expense	$ 681	$ 1,025	$ 2,304	$_____
Payroll Taxes	85	137	243	_____
Property Operation	68	354	150	_____
Subtotal, Expenses and Allocations	*$ 834*	*$ 1,516*	*$ 2,697*	*$_____*
Operations Margin	***$1,996***	***$ 4,982***	***$ 8,300***	***$_____***
Common Expenses				
General and Administrative	$ 431	$ 1,257	$ 1,388	$_____
Marketing (advertising, public relations, promotion, etc.)	193	407	913	_____
Insurance (property, liability)	227	532	544	_____
Land Use Fees (public)	29	77	187	_____
Land Use Fees (private)	35	24	147	_____
Property Taxes	47	106	215	_____
Other Taxes (except income)	13	14	34	_____
Snowmaking	131	337	433	_____
Snow Removal	19	8	27	_____
Miscellaneous	41	138	366	_____
Depreciation and Amortization	380	807	1,459	_____
Subtotal, Common Expenses	*$1,547*	*$ 3,706*	*$ 5,712*	*$_____*
Operating Profit (Loss)	***$ 449***	***$ 1,276***	***$ 2,588***	***$_____***
Interest Expense	*$ 226*	*$ 431*	*$ 999*	*$_____*
Profit (Loss) before Tax	***$ 222***	***$ 844***	***$ 1,589***	***$_____***
Base	70	32	34	

TABLE 85

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY TYPE OF SKI AREA

PERCENT OF GROSS FIXED ASSETS

	Day	Weekend	Vacation	Your Ski Area
Gross Fixed Assets	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Revenue				
Ski Lift Gross—Winter	30.3%	36.1%	29.7%	_____%
Ski Lift Gross—Summer	0.4	0.9	0.4	_____
Supporting Margin—Winter	7.4	8.7	6.2	_____
Supporting Margin—Summer	0.8	1.2	- 0.1	_____
Year-Round Margin	0.4	2.0	1.9	_____
Total Revenue	*39.4%*	*49.0%*	*38.2%*	_____%
Expenses and Allocations				
Ski Lift Direct Expense	9.5%	7.7%	8.0%	_____%
Payroll Taxes	1.2	1.0	0.8	_____
Property Operation	1.0	2.7	0.5	_____
Subtotal, Expenses and Allocations	*11.6%*	*11.4%*	*9.4%*	_____%
Operations Margin	*27.8%*	*37.6%*	*28.8%*	_____%
Common Expenses				
General and Administrative	6.0%	9.5%	4.8%	_____%
Marketing (advertising, public relations, promotion, etc.)	2.7	3.1	3.2	_____
Insurance (property, liability)	3.2	4.0	1.9	_____
Land Use Fees (public)	0.4	0.6	0.7	_____
Land Use Fees (private)	0.5	0.2	0.5	_____
Property Taxes	0.7	0.8	0.7	_____
Other Taxes (except income)	0.2	0.1	0.1	_____
Snowmaking	1.8	2.5	1.5	_____
Snow Removal	0.3	0.1	0.1	_____
Miscellaneous	0.6	1.0	1.3	_____
Depreciation and Amortization	5.3	6.1	5.1	_____
Subtotal, Common Expenses	*21.6%*	*28.0%*	*19.8%*	_____%
Operating Profit (Loss)	*6.2%*	*9.6%*	*9.0%*	_____%
Interest Expense	*3.1%*	*3.3%*	*3.5%*	_____%
Profit (Loss) before Tax	*3.1%*	*6.4%*	*5.5%*	_____%
Base	70	32	34	

TABLE 86

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY TYPE OF SKI AREA

PERCENT OF REVENUE

	Day	Weekend	Vacation	Your Ski Area
Revenue				
Ski Lift Gross—Winter	76.9%	73.7%	77.8%	_____%
Ski Lift Gross—Summer	1.0	1.9	1.1	_____
Supporting Margin—Winter	18.8	17.8	16.2	_____
Supporting Margin—Summer	2.2	2.4	- 0.2	_____
Year-Round Margin	1.1	4.2	5.0	_____
Total Revenue	*100.0%*	*100.0%*	*100.0%*	_____%
Expenses and Allocations				
Ski Lift Direct Expense	24.1%	15.8%	21.0%	_____%
Payroll Taxes	3.0	2.1	2.2	_____
Property Operation	2.4	5.4	1.4	_____
Subtotal, Expenses and Allocations	*29.5%*	*23.3%*	*24.5%*	_____%
Operations Margin	*70.5%*	*76.7%*	*75.5%*	_____%
Common Expenses				
General and Administrative	15.2%	19.4%	12.6%	_____%
Marketing (advertising, public relations, promotion, etc.)	6.8	6.3	8.3	_____
Insurance (property, liability)	8.0	8.2	4.9	_____
Land Use Fees (public)	1.0	1.2	1.7	_____
Land Use Fees (private)	1.3	0.4	1.3	_____
Property Taxes	1.7	1.6	2.0	_____
Other Taxes (except income)	0.5	0.2	0.3	_____
Snowmaking	4.6	5.2	3.9	_____
Snow Removal	0.7	0.1	0.2	_____
Miscellaneous	1.5	2.1	3.3	_____
Depreciation and Amortization	13.4	12.4	13.3	_____
Subtotal, Common Expenses	*54.6%*	*57.1%*	*52.0%*	_____%
Operating Profit (Loss)	*15.9%*	*19.6%*	*23.5%*	_____%
Interest Expense	*8.0%*	*6.6%*	*9.1%*	_____%
Profit (Loss) before Tax	*7.9%*	*13.0%*	*14.5%*	_____%
Base	70	32	34	

TABLE 87

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN, BY TYPE OF SKI AREA

	Day	Weekend	Vacation
Ski Lift Gross Revenue (Winter)	*100.0%*	*100.0%*	*100.0%*
Direct Labor Expense			
Ski Lift Payroll	6.3%	3.9%	4.9%
Ski Patrol Payroll	2.6	2.0	2.3
Slope Maintenance Payroll	2.2	1.7	2.1
Maintenance and Repair Payroll	4.1	3.2	2.5
Ticket Sales Payroll	1.3	1.0	1.3
Other Payroll	1.4	0.6	1.3
Total Payroll Expense	*17.8%*	*12.4%*	*14.3 %*
Payroll Taxes	*3.9%*	*3.1%*	*2.5%*
Other Direct Expense	*10.8%*	*7.6%*	*9.8%*
Total Direct Expense	*32.5%*	*23.1%*	*26.6%*
Gross Margin	*67.5%*	*76.9%*	*73.4%*
Base	55	32	28

TABLE 88

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET, BY TYPE OF SKI AREA

	Day	Weekend	Vacation
Assets			
Current Assets	$ 884	$ 1,569	$ 2,771
Gross Fixed Assets	7,718	13,264	29,305
Minus: Depreciation	(3,245)	(5,946)	(10,642)
Other Assets	610	1,007	3,333
Total Assets	*$5,968*	*$ 9,894*	*$24,767*
Liabilities			
Current Liabilities	$ 703	$ 1,442	$ 2,346
Long-Term Debt	1,692	4,064	9,731
Subordinated Debt	555	606	2,963
Deferred Taxes	215	131	349
Other Liabilities	339	249	1,417
Subtotal, Liabilities	*$3,504*	*$ 6,492*	*$16,806*
Net Worth			
Invested	$1,391	$ 1,233	$ 7,058
Retained Earnings	1,092	2,384	958
Minus: Treasury Stock	(18)	(216)	(56)
Subtotal, Net Worth	*$2,465*	*$ 3,401*	*$ 7,960*
Total Liabilities and Net Worth	*$5,968*	*$ 9,894*	*$24,767*
Base	60	32	32

TABLE 89

AVERAGE SKI AREA CHARACTERISTICS, BY LENGTH OF SEASON

	Less than 80 Days	80 to 99 Days	100 to 119 Days	120 to 139 Days	140 to 159 Days	160 Days and Over
Size						
VTF/Hour (000)	1,665	3,109	4,873	7,129	12,079	16,876
Gross Fixed Assets (000)	$3,135	$3,866	$9,433	$11,517	$18,604	$33,775
Skiable Acres	133	197	245	493	1,199	1,476
Total Acres	238	570	978	1,469	3,289	3,568
Location						
Within 50 Miles of SMSA	60%	58%	45%	33%	29%	35%
With 6 or More Areas within 1 Hour	40%	16%	36%	22%	50%	53%
New England	0%	11%	24%	17%	21%	24%
East	20%	32%	36%	8%	0%	6%
Midwest	40%	26%	15%	3%	0%	0%
Central Rockies	20%	11%	6%	28%	14%	6%
Northern Rockies	0%	0%	9%	11%	14%	6%
California and Nevada	20%	5%	0%	17%	18%	29%
Pacific Northwest	0%	11%	6%	6%	11%	12%
Western Canada	0%	5%	3%	11%	21%	18%
Site Characteristics						
Number of Beds at Base[b]	114	423	584	1,049	3,023	5,665
Number of Beds (10 Miles)[b]	1,016	2,635	2,668	3,725	7,129	7,363
With Snowmaking	60%	84%	85%	69%	46%	71%
With a Night Operation	40%	63%	67%	36%	29%	24%
Terrain						
Beginner	33%	25%	25%	23%	25%	25%
Intermediate	48%	51%	48%	48%	45%	48%
Expert	19%	24%	26%	29%	30%	27%
Business Characteristics						
Operating with USFS Permit	0%	21%	15%	67%	50%	59%
Engaged in Land Development	20%	21%	39%	42%	61%	41%
Operational Characteristics						
Average Days/Nights of Operation	65	99	123	125	140	154
Average Peak Day Crowd	1,236	2,554	3,949	4,475	7,121	9,150
Average Skier Visits (000)	22,898	72,955	150,258	196,037	364,373	475,977
Average Age of Ski Areas	22 years	27 years	27 years	28 years	30 years	35 years

Continued

TABLE 89 (CONTINUED)

AVERAGE SKI AREA CHARACTERISTICS, BY LENGTH OF SEASON

	Less than 80 Days	80 to 99 Days	100 to 119 Days	120 to 139 Days	140 to 159 Days	160 Days and Over
Economic Characteristics						
Average Revenue/Skier Visit	$ 14.27	$ 20.26	$ 20.63	$ 21.24	$ 22.91	$ 24.72
Average Ticket Revenue/Skier Visit	$ 8.31	$ 15.93	$ 16.28	$ 17.78	$ 19.53	$ 20.82
Average Adult Lift Ticket Price						
Weekend	$ 16.10	$ 22.60	$ 24.70	$ 24.68	$ 27.33	$ 27.94
Weekday	$ 13.50	$ 18.98	$ 20.30	$ 22.54	$ 26.26	$ 27.41
Average Night Ticket Price						
Weekend	$ 8.75	$ 14.29	$ 14.41	$ 12.85	$ 11.54	$ 12.50
Weekday	$ 6.63	$ 13.70	$ 13.89	$ 12.38	$ 11.16	$ 12.25
Average Adult Season Ticket Price	$196	$339	$364	$478	$ 519	$ 590
Average Utilization	43.3%	38.3%	40.6%	34.1%	33.2%	27.1%
Average Profit (Loss) before Tax	$ 31	$ 80	$305	$318	$1,260	$2,253
Ratio: Revenue/GFA	15.4%	39.7%	37.4%	39.1%	48.3%	38.2%
Base	5	19	33	36	28	17

[a]This is the average for the areas having beds.

TABLE 90

ECONOMIC RATIOS, BY LENGTH OF SEASON

Text Note[n]	Factor or Ratio	Key	Less than 80 Days	80 to 99 Days	100 to 119 Days	120 to 139 Days	140 to 159 Days	160 Days and Over
	KEY FACTORS							
	VTF/Hour (000)[a]	A	1,665	3,109	4,873	7,129	12,079	16,876
	VTF/Hour--Demand/Skier Capacity[b]	B	1,500	1,500	1,500	1,500	1,500	1,500
	Skier Capacity	C	1,110	2,073	3,249	4,753	8,052	11,251
	Days/Nights of Operation[a]	D	65	99	123	125	140	154
	Season Capacity (000)	E	53	190	370	574	1,098	1,759
	Day Season Capacity (000)		42	163	298	532	1,045	1,713
	Night Season Capacity (000)		26	43	109	116	184	193
	Actual Skier Visits (000)[a]	F	23	73	150	196	364	476
	Day Skier Visits (000)[c]		21	55	126	185	359	466
	Night Skier Visits (000)[c]		4	29	36	31	51	44
	Profit (Loss) before Tax (000)[d]	G	$ 31	$ 80	$ 305	$ 318	$ 1,260	$ 2,253
	Plus: Depreciation (000)[d]	H	$ 52	$ 209	$ 471	$ 600	$ 1,096	$ 1,771
	Before-Tax Cash Flow (000)[e]	I	$ 83	$ 289	$ 776	$ 919	$ 2,356	$ 4,024
	Operating Profit (Loss) (000)[d]	J	$ 48	$ 197	$ 656	$ 749	$ 1,972	$ 3,097
	Cash Operating Costs (000)[f]	K	$ 382	$1,129	$2,405	$ 3,152	$ 5,913	$ 8,023
	Gross Fixed Assets (000)[d]	L	$3,135	$3,866	$9,433	$11,517	$18,604	$33,775
	Long-Term Debt (000)[g]	M	$ 240	$1,333	$3,620	$ 5,897	$ 7,009	$10,701
	Equity (000)[h]	N	$ - 105	$1,200	$3,575	$ 813	$ 8,163	$ 8,218
	CRITICAL RATIOS							
1,A	*Health (Debt to Cash Flow)*[i]		2.9X	4.6X	4.7X	6.4X	3.0X	2.7X
B	*Profitability*							
2	Operating Profit on GFA[j]		1.5%	5.1%	6.9%	6.5%	10.6%	9.2%
3	Profit (BT) on Equity[k]		- 29.5%	6.7%	8.5%	39.1%	15.4%	27.4%

TABLE 90 (CONTINUED)

ECONOMIC RATIOS, BY LENGTH OF SEASON

Text Note[n]	Factor or Ratio	Key	Less than 80 Days	80 to 99 Days	100 to 119 Days	120 to 139 Days	140 to 159 Days	160 Days and Over
	CRITICAL RATIOS (CONTINUED)							
C	*Performance*							
4	Average Utilization[a]		43.3%	38.3%	40.6%	34.1%	33.2%	27.1%
	Day Utilization		50.1%	33.6%	42.3%	34.7%	34.4%	27.2%
	Night Utilization		16.2%	66.9%	33.4%	26.8%	27.9%	22.9%
5	Days/Nights of Operation[a]		65	99	123	125	140	154
D	*Policy and Planning*							
6	Capital Cost/Capacity[j]		$2,824	$1,865	$2,904	$2,423	$2,310	$3,002
7	Operating Cost/Capacity[m]		$ 7.23	$ 5.93	$ 6.49	$ 5.49	$ 5.39	$ 4.56
E	*Revenue/Skier Visit (Average for all areas)*							
	Ski Lift Gross		$ 8.31	$ 15.93	$ 16.28	$ 17.78	$ 19.53	$ 20.82
	Ski School Margin		$ 0.10	$ 0.89	$ 0.83	$ 0.76	$ 0.93	$ 0.61
	Food Service Margin		$ 0.08	$ 0.52	$ 0.82	$ 1.05	$ 0.93	$ 1.03
	Bar Margin		$ 0.06	$ 0.31	$ 0.52	$ 0.50	$ 0.35	$ 0.54
	Ski Shop Margin		$ 0.07	$ 0.38	$ 0.43	$ 0.43	$ 0.45	$ 0.87
	Ski Rental Margin		$ 1.44	$ 1.96	$ 1.35	$ 0.69	$ 0.50	$ 0.81
	Other Margin		$ 4.21	$ 0.27	$ 0.40	$ 0.04	$ 0.23	$ 0.05
8	*Total Revenue/Skier Visit*		*$ 14.27*	*$ 20.26*	*$ 20.63*	*$ 21.24*	*$ 22.91*	*$ 24.72*
	Base		5	19	33	36	28	17

[a] See Table 89.

[b] B = A / C.

[c] Data collected from the USIA Annual Economic Survey, 1988-89 Season; not presented elsewhere in this publication.

[d] See Table 91.

[e] I = G + H.

[f] Using figures from Table 91, K = Total Revenue — Profit (Loss) before Tax — Depreciation and Amortization — Interest.

[g] Using figures from Table 95, M = Long-term Debt + Subordinated Debt.

[h] Using figures from Table 95, N = Invested Net Worth + Retained Earnings — Treasury Stock.

[i] Ratio = M / I.

[j] Ratio = J / L.

[k] Ratio = G / N.

[l] Ratio = L / C.

[m] Ratio = K / E.

[n] See Pages 31-37 for related Text Notes.

TABLE 91

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY LENGTH OF SEASON

	Less than 80 Days	80 to 99 Days	100 to 119 Days	120 to 139 Days	140 to 159 Days	160 Days and Over
Gross Fixed Assets	*$3,135*	*$3,866*	*$9,433*	*$11,517*	*$18,604*	*$33,775*
Revenue						
Ski Lift Gross—Winter	$ 190	$1,162	$2,446	$ 3,486	$ 7,115	$ 9,911
Ski Lift Gross—Summer	0	0	16	75	67	296
Supporting Margin—Winter	137	341	719	762	1,444	2,152
Supporting Margin—Summer	1	14	56	91	98	33
Year-Round Margin	154	18	294	87	257	497
Total Revenue	*$ 482*	*$1,536*	*$3,532*	*$ 4,502*	*$ 8,981*	*$12,890*
Expenses and Allocations						
Ski Lift Direct Expense	$ 123	$ 360	$ 679	$ 969	$ 1,868	$ 2,472
Payroll Taxes	9	31	76	121	253	236
Property Operation	0	51	164	115	256	208
Subtotal, Expenses and Allocations	*$ 132*	*$ 443*	*$ 919*	*$ 1,205*	*$ 2,376*	*$ 2,916*
Operations Margin	*$ 350*	*$1,093*	*$2,613*	*$ 3,297*	*$ 6,605*	*$ 9,974*
Common Expenses						
General and Administrative	$ 95	$ 218	$ 488	$ 717	$ 1,191	$ 2,227
Marketing (advertising, public relations, promotion, etc.)	13	69	247	425	654	846
Insurance (property, liability)	111	138	287	306	456	888
Land Use Fees (public)	0	8	11	72	180	163
Land Use Fees (private)	0	68	8	21	174	63
Property Taxes	5	26	66	92	166	195
Other Taxes (except income)	2	4	17	10	11	67
Snowmaking	14	151	261	222	273	442
Snow Removal	8	1	5	10	52	26
Miscellaneous	1	4	96	73	379	190
Depreciation and Amortization	52	209	471	600	1,096	1,771
Subtotal, Common Expenses	*$ 302*	*$ 896*	*$1,957*	*$ 2,548*	*$ 4,633*	*$ 6,877*
Operating Profit (Loss)	*$ 48*	*$ 197*	*$ 656*	*$ 749*	*$ 1,972*	*$ 3,097*
Interest Expense	*$ 17*	*$ 117*	*$ 351*	*$ 431*	*$ 712*	*$ 844*
Profit (Loss) before Tax	*$ 31*	*$ 80*	*$ 305*	*$ 318*	*$ 1,260*	*$ 2,253*
Base	5	19	33	36	28	17

TABLE 92

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY LENGTH OF SEASON

PERCENT OF GROSS FIXED ASSETS

	Less than 80 Days	80 to 99 Days	100 to 119 Days	120 to 139 Days	140 to 159 Days	160 Days and over
Gross Fixed Assets	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Revenue						
Ski Lift Gross—Winter	6.1%	30.1	25.9%	30.3%	38.2%	29.3%
Ski Lift Gross—Summer	0.0	0.0	0.2	0.6	0.4	0.9
Supporting Margin—Winter	4.4	8.8	7.6	6.6	7.8	6.4
Supporting Margin—Summer	0.0	0.4	0.6	0.8	0.5	0.1
Year-Round Margin	4.9	0.5	3.1	0.8	1.4	1.5
Total Revenue	*15.4%*	*39.7%*	*37.4%*	*39.1%*	*48.3%*	*38.2%*
Expenses and Allocations						
Ski Lift Direct Expense	3.9%	9.3%	7.2%	8.4%	10.0%	7.3%
Payroll Taxes	0.3	0.8	0.8	1.1	1.4	0.7
Property Operation	0.0	1.3	1.7	1.0	1.4	0.6
Subtotal, Expenses and Allocations	*4.2%*	*11.4%*	*9.7%*	*10.5%*	*12.8%*	*8.7%*
Operations Margin	*11.2%*	*28.3%*	*27.7%*	*28.6%*	*35.5%*	*29.5%*
Common Expenses						
General and Administrative	3.0%	5.6%	5.2%	6.2%	6.4%	6.6%
Marketing (advertising, public relations, promotion, etc.)	0.4	1.8	2.6	3.7	3.5	2.5
Insurance (property, liability)	3.6	3.6	3.0	2.7	2.5	2.6
Land Use Fees (public)	0.0	0.2	0.1	0.6	1.0	0.5
Land Use Fees (private)	0.0	1.8	0.1	0.2	0.9	0.2
Property Taxes	0.2	0.7	0.7	0.8	0.9	0.6
Other Taxes (except income)	0.1	0.1	0.2	0.1	0.1	0.2
Snowmaking	0.4	3.9	2.8	1.9	1.5	1.3
Snow Removal	0.3	0.0	0.1	0.1	0.3	0.1
Miscellaneous	0.0	0.1	1.0	0.6	2.0	0.6
Depreciation and Amortization	1.7	5.4	5.0	5.2	5.9	5.2
Subtotal, Common Expenses	*9.7%*	*23.2%*	*20.8%*	*22.1%*	*24.9%*	*20.3%*
Operating Profit (Loss)	*1.5%*	*5.1%*	*6.9%*	*6.5%*	*10.6%*	*9.2%*
Interest Expense	*0.6%*	*3.0%*	*3.7%*	*3.7%*	*3.8%*	*2.5%*
Profit (Loss) before Tax	*1.0%*	*2.1%*	*3.2%*	*2.8%*	*6.8%*	*6.7%*
Base	5	19	33	38	28	17

TABLE 93

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT, BY LENGTH OF SEASON

PERCENT OF REVENUE

	Less than 80 Days	80 to 99 Days	100 to 119 Days	120 to 139 Days	140 to 159 Days	160 Days and Over
Revenue						
Ski Lift Gross—Winter	39.4%	75.7%	69.3%	77.4%	79.2%	76.9%
Ski Lift Gross—Summer	0.0	0.0	0.5	1.7	0.7	2.3
Supporting Margin—Winter	28.3	22.2	20.4	16.9	16.1	16.7
Supporting Margin—Summer	0.2	0.9	1.6	2.0	1.1	0.3
Year-Round Margin	32.0	1.2	8.3	1.9	2.9	3.9
Total Revenue	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Expenses and Allocations						
Ski Lift Direct Expense	25.5%	23.4%	19.2%	21.5%	20.8%	19.2%
Payroll Taxes	1.8	2.0	2.2	2.7	2.8	1.8
Property Operation	0.0	3.3	4.6	2.5	2.8	1.6
Subtotal, Expenses and Allocations	*27.3%*	*28.8%*	*26.0%*	*26.8%*	*26.5%*	*22.6%*
Operations Margin	*72.7%*	*71.2%*	*74.0%*	*73.2%*	*73.5%*	*77.4%*
Common Expenses						
General and Administrative	19.7%	14.2%	13.8%	15.9%	13.3%	17.3%
Marketing (advertising, public relations, promotion, etc.)	2.8	4.5	7.0	9.4	7.3	6.6
Insurance (property, liability)	23.1	9.0	8.1	6.8	5.1	6.9
Land Use Fees (public)	0.0	0.5	0.3	1.6	2.0	1.3
Land Use Fees (private)	0.0	4.4	0.2	0.5	1.9	0.5
Property Taxes	1.1	1.7	1.9	2.1	1.8	1.5
Other Taxes (except income)	0.5	0.2	0.5	0.2	0.1	0.5
Snowmaking	2.9	9.8	7.4	4.9	3.0	3.4
Snow Removal	1.7	0.1	0.1	0.2	0.6	0.2
Miscellaneous	0.1	0.3	2.7	1.6	4.2	1.5
Depreciation and Amortization	10.8	13.6	13.3	13.3	12.2	13.7
Subtotal, Common Expenses	*62.7%*	*58.4%*	*55.4%*	*56.6%*	*51.5%*	*53.4%*
Operating Profit (Loss)	*10.0%*	*12.8%*	*18.6%*	*16.6%*	*22.0%*	*24.0%*
Interest Expense	*3.6%*	*7.6%*	*9.9%*	*9.6%*	*7.9%*	*6.5%*
Profit (Loss) before Tax	*6.3%*	*5.2%*	*8.6%*	*7.1%*	*14.0%*	*17.5%*
Base	5	19	33	36	28	17

TABLE 94

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN, BY LENGTH OF SEASON

	Less than 80 Days	80 to 99 Days	100 to 119 Days	120 to 139 Days	140 to 159 Days	160 Days and Over
Ski Lift Gross Revenue (Winter)	—%	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Direct Labor Expense						
Ski Lift Payroll	—%	9.1%	4.9%	4.8%	5.6%	4.0%
Ski Patrol Payroll	—	1.6	2.1	2.8	2.5	1.9
Slope Maintenance Payroll	—	2.1	2.3	2.1	2.1	1.8
Maintenance and Repair Payroll	—	2.7	3.9	2.4	2.8	3.3
Ticket Sales Payroll	—	1.5	1.5	1.3	1.3	0.9
Other Payroll	—	0.4	0.9	1.0	1.6	0.9
Total Payroll Expense	—%	*17.4%*	*15.6 %*	*14.5%*	*15.8 %*	*12.7%*
Payroll Taxes	—%	*3.5%*	*2.8%*	*3.1%*	*3.6%*	*2.2%*
Other Direct Expense	—%	*15.9%*	*7.3%*	*9.7%*	*10.0%*	*9.1%*
Total Direct Expense	—%	*36.8%*	*25.7%*	*27.3%*	*29.4%*	*24.0%*
Gross Margin	—%	*63.2%*	*74.3%*	*72.7%*	*70.6%*	*76.0%*
Base	0	11	17	25	20	12

TABLE 95

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET, BY LENGTH OF SEASON

	Less than 80 Days	80 to 99 Days	100 to 119 Days	120 to 139 Days	140 to 159 Days	160 Days and Over
Assets						
Current Assets	$ 11	$ 710	$1,165	$ 1,143	$ 2,273	$ 2,802
Gross Fixed Assets	650	4,111	9,338	12,628	18,515	33,775
Minus: Depreciation	(462)	(2,116)	(3,207)	(5,114)	(6,153)	(15,568)
Other Assets	0	693	640	966	2,528	2,780
Total Assets	*$199*	*$3,397*	*$7,935*	*$ 9,623*	*$17,164*	*$23,789*
Liabilities						
Current Liabilities	$ 64	$ 352	$ 556	$ 1,600	$ 1,685	$ 2,644
Long-Term Debt	24	1,190	3,402	3,831	6,484	7,284
Subordinated Debt	216	143	218	2,066	525	3,417
Deferred Taxes	0	144	111	202	117	758
Other Liabilities	0	368	73	1,111	190	1,467
Subtotal, Liabilities	*$304*	*$2,197*	*$4,360*	*$ 8,810*	*$ 9,001*	*$15,570*
Net Worth						
Invested	$167	$ 411	$2,085	$ 1,574	$ 6,024	$ 4,008
Retained Earnings	(256)	984	1,537	(604)	2,143	4,210
Minus: Treasury Stock	(16)	(194)	(47)	(158)	(5)	(0)
Subtotal, Net Worth	*($105)*	*$1,200*	*$3,575*	*$ 813*	*$ 8,163*	*$ 8,219*
Total Liabilities and Net Worth	*$199*	*$3,397*	*$7,935*	*$ 9,623*	*$17,164*	*$23,789*
Base	2	16	32	32	26	17

IX

CHARACTERISTICS OF SKI AREAS WITH SNOWMAKING AND NIGHT SKIING OPERATIONS

For the thirteenth year, the study includes an analysis of those respondents with snowmaking capability and those who operate at night. This chapter presents tabulations on the 97 areas with snowmaking and on the 61 areas with night operations. The reader should recognize that, even though these categories have been treated separately, a number of areas (51) have both snowmaking and night skiing. Tables 96 through 105 follow the chapter text.

AREAS WITH SNOWMAKING CAPABILITY

The average ski area with snowmaking has larger gross fixed assets, more beds at the base, more beds within 10 miles, more night operations, more land development, more skier visits, more revenue per skier visit, a higher lift ticket price, greater utilization, and a higher profit before tax than the average ski area.

Snowmaking ski areas averaged 8.5% operating profit on GFA, about the same as the ski industry average of 8.4%. However, it is generally accepted that snowmaking saved the season in the East in 1988-89. Snowmaking is dominated by areas east of the Rockies, and this past season again illustrated this. All of the respondents in the East and New England have snowmaking, and 92% of the Midwest areas make snow. There are 36 snowmaking ski areas in the Rockies, the West, and Western Canada, or 59% of the ski areas responding from those geographic regions. These 59% earned 9.3% operating profit on GFA.

These operations have been evaluated using the rule-of thumb measure discussed in Chapter III:

	Total Revenue to GFA	/	Percent Utilization	=	Factor	Judgment
All Ski Areas	41%	/	33%	=	1.24	Good
All Snowmaking Areas	41	/	35	=	1.17	Adequate
New England Snowmaking Areas	38	/	36	=	1.05	Adequate
East and Midwest Snowmaking Areas	51	/	47	=	1.08	Adequate
Rockies, West, and Western Canada Snowmaking Areas	40	/	32	=	1.25	Good
All Areas with Night Operations	43	/	35	=	1.22	Good

The 1988-89 survey contains data concerning snowmaking coverage, hours of operation, and operating costs. Tables 103 and 105 summarize this data. The average ski area with snowmaking capability uses its snowmaking operations to cover 131 acres, or 25.4%, of its skiable slopes and trails. The areas of the East and Midwest regions cover 84.9%, and New England 75.3%, of their skiable slopes and trails. In the areas of the Rockies, the West, and Western Canada, 12.3% of their skiable acreage is covered by machine.

Snowmaking Costs

In an effort to establish some standard measure of snowmaking efficiency, the authors have summarized reported expenses in costs per acre-hour of snowmaking. An acre-hour is the product of acres covered and total hours of system operation. Survey respondents were asked to supply acres of snowmaking coverage, hours of system operation, and operating costs broken down into *labor*, *power*, *maintenance*, and *other* categories.

Table 105 summarizes the results of this measure. At $2.52, the 1988-89 cost per acre-hour was up substantially from last year's $2.27 per acre-hour. The costs increased from $1.33 to $1.75 in New England and from $3.77 to $4.12 in the East and Midwest. The cost per acre-hour decreased in the Rockies, the West, and Western Canada, from $2.62 to $2.26

NIGHT SKIING OPERATIONS

Night operations were evaluated again for 1988-89. Night skiing effectively increases the potential earning power with only cursory additions to capital. Areas with night skiing usually have less VTF, fewer GFA, fewer beds at the base and within 10 miles, greater days/nights of operation, lower revenue per skier visit, lower lift ticket prices and higher operating profit than the average area.

In the 1988-89 season, the average area with night operations had an operating profit on GFA of 8.5%, compared to the ski industry average of 8.4%, and an average profit before tax of $488,000, compared to the industry average of $701,000.

The 61 ski areas with lights for night skiing cover an average of 64 acres, or 13.5%, of their skiable acreage.

Table 104 provides information about night skiing operations, and compares this information with averages for snowmaking areas, some of which (51 out of 97) also have night skiing.

TABLE 96

AVERAGE SKI AREA CHARACTERISTICS

SKI AREAS WITH SNOWMAKING AND SKI AREAS WITH NIGHT OPERATIONS

	Areas with Snowmaking				All Areas with Night Operations
	New England	*East and Midwest*	*Rockies, West, and Western Canada*	*All Areas with Snow-making*	
Size					
VTF/Hour (000)	9,507	3,877	12,549	8,605	5,369
Gross Fixed Assets (000)	$17,997	$6,143	$24,931	$16,293	$9,005
Skiable Acres	231	110	1,120	517	478
Total Acres	1,666	633	3,047	1,806	1,033
Location					
Within 50 Miles of SMSA	58%	46%	22%	40%	56%
With 6 or More Areas within 1 Hour	77%	29%	33%	43%	20%
New England	100%	0%	0%	27%	13%
East	0%	66%	0%	24%	23%
Midwest	0%	34%	0%	12%	21%
Central Rockies	0%	0%	42%	15%	3%
Northern Rockies	0%	0%	14%	5%	8%
California and Nevada	0%	0%	25%	9%	8%
Pacific Northwest	0%	0%	6%	2%	15%
Western Canada	0%	0%	14%	5%	8%
Site Characteristics					
Number of Beds at Base[a]	1,520	495	4,238	2,234	417
Number of Beds (10 miles)[a]	5,019	2,598	8,162	5,222	2,482
With Snowmaking	100%	100%	100%	100%	72%
With Night Skiing	31%	74%	28%	45%	100%
Terrain					
Beginner	27%	27%	22%	25%	25%
Intermediate	50%	48%	47%	48%	49%
Expert	23%	25%	31%	26%	26%
Business Characteristics					
Operating with USFS Permit	92%	3%	17%	32%	30%
Engaged in Land Development	46%	43%	56%	48%	28%
Operational Characteristics					
Average Days/Nights of Operation	121	117	129	123	143
Average Peak Day Crowd	5,880	3,849	7,010	5,567	4,347
Average Skier Visits (000)	261	132	370	255	180
Average Age of Ski Areas	34 years	26 years	27 years	28 years	29 years

Continued ...

TABLE 96 (CONTINUED)

AVERAGE SKI AREA CHARACTERISTICS

SKI AREAS WITH SNOWMAKING AND SKI AREAS WITH NIGHT OPERATIONS

	Areas with Snowmaking				
	New England	*East and Midwest*	*Rockies, West, and Western Canada*	*All Areas with Snow-making*	All Areas with Night Operations
Economic Characteristics					
Average Revenue/Skier Visit	$ 22.80	$ 21.69	$ 24.65	$ 23.59	$ 20.07
Average Lift Ticket Revenue/Skier Visit	$ 19.09	$ 16.88	$ 20.76	$ 19.58	$ 16.20
Average Adult Lift Ticket Price					
Weekend	$ 28.49	$ 24.57	$ 26.90	$ 26.49	$ 22.95
Weekday	$ 24.65	$ 19.52	$ 26.63	$ 23.50	$ 19.81
Average Night Ticket Price					
Weekend	$ 16.06	$ 14.92	$ 11.70	$ 14.40	$ 13.37
Weekday	$ 15.94	$ 14.05	$ 10.80	$ 13.65	$ 12.83
Average Adult Season Ticket Price	$578	$354	$ 495	$466	$371
Average Utilization	34%	47%	32%	35%	35%
Average Profit (Loss) before Tax	$439	$348	$1,575	$828	488%
Ratio: Revenue/GFA	37.8%	51.0%	39.8%	40.8%	$43.0
Base	26	35	36	97	61

[a]For those areas reporting beds.

TABLE 97

ECONOMIC RATIOS

SKI AREAS WITH SNOWMAKING AND SKI AREAS WITH NIGHT OPERATIONS

Text Note[n]	Factor or Ratio	Key	With Snowmaking: *New England*	With Snowmaking: *East and Midwest*	With Snowmaking: *Rockies, West, and Western Canada*	With Snowmaking: *All Areas with Snowmaking*	All Areas with Night Operations
		Key Factors					
	VTF/Hour (000)[a]	A	9,507	3,877	12,549	8,605	5,369
	VTF/Hour—Demand/Skier Capacity[b]	B	1,500	1,500	1,500	1,500	1,500
	Skier Capacity	C	6,338	2,585	8,366	5,736	3,579
	Days/Nights of Operation[a]	D	121	117	129	123	143
	Season Capacity (000)	E	779	283	1,140	734	514
	Day Season Capacity (000)		722	212	1,115	684	404
	Night Season Capacity (000)		185	96	87	110	110
	Actual Skier Visits (000)[a]	F	261	132	370	255	180
	Day Skier Visits (000)[c]		242	104	363	237	146
	Night Skier Visits (000)[c]		62	38	23	39	35
	Profit (Loss) before Tax (000)[d]	G	$ 439	$ 348	$ 1,575	$ 828	$ 488
	Plus: Depreciation (000)[d]	H	$ 946	$ 375	$ 1,247	$ 852	$ 454
	Before-Tax Cash Flow (000)[e]	I	$ 1,385	$ 724	$ 2,821	$ 1,680	$ 942
	Operating Profit (Loss) (000)[d]	J	$ 1,181	$ 570	$ 2,318	$ 1,383	$ 766
	Cash Operating Costs (000)[f]	K	$ 4,677	$2,189	$ 6,368	$ 4,407	$ 2,650
	Gross Fixed Assets (000)[d]	L	$17,997	$6,143	$24,931	$16,293	$ 9,005
	Long-Term Debt (000)[g]	M	$ 7,159	$2,251	$11,508	$ 6,905	$ 2,724
	Equity (000)[h]	N	$ 5,817	$2,003	$ 6,476	$ 4,654	$ 3,070

Continued ...

TABLE 97 (CONTINUED)

ECONOMIC RATIOS

SKI AREAS WITH SNOWMAKING AND SKI AREAS WITH NIGHT OPERATIONS

TEXT NOTE[n]	FACTOR OR RATIO	AREAS WITH SNOWMAKING: *New England*	*East and Midwest*	*Rockies, West, and Western Canada*	*All Areas with Snowmaking*	ALL AREAS WITH NIGHT OPERATIONS
	CRITICAL RATIOS					
1,A	*Health (Debt to Cash Flow)*[j]	5.2X	3.1X	4.1X	4.1X	2.9X
B	*Profitability*					
2	Operating Profit on GFA[i]	6.6%	9.3%	9.3%	8.5%	8.5%
3	Profit (BT) on Equity[k]	7.5%	17.4%	24.3%	17.8%	15.9%
C	*Performance*					
4	Average Utilization[a]	33.5%	46.6%	32.4%	34.7%	35.0%
	Day Utilization	33.5%	49.0%	32.6%	34.7%	36.0%
	Night Utilization	33.6%	39.5%	26.9%	35.4%	31.7%
5	Days/Nights of Operation[a]	121	117	129	123	143
D	*Policy and Planning*					
6	Capital Cost/Capacity[l]	$2,839	$2,377	$2,980	$2,840	$2,516
7	Operating Cost/Capacity[m]	$ 6.00	$ 7.72	$ 5.59	$ 6.00	$ 5.16
E	*Revenue/Skier Visit (Average for All Areas)*					
	Ski Lift Gross	$ 19.09	$ 16.88	$ 20.76	$ 19.58	$ 16.20
	Ski School Margin	$ 0.77	$ 0.67	$ 1.09	$ 0.93	$ 0.65
	Food Service Margin	$ 1.07	$ 0.76	$ 1.06	$ 1.01	$ 0.90
	Bar Margin	$ 0.48	$ 0.70	$ 0.35	$ 0.45	$ 0.55
	Ski Shop Margin	$ 0.75	$ 0.42	$ 0.49	$ 0.55	$ 0.38
	Ski Rental Margin	$ 0.78	$ 1.79	$ 0.57	$ 0.86	$ 1.11
	Other Margin	($ 0.15)	$ 0.48	$ 0.33	$ 0.22	$ 0.29
8	*TOTAL REVENUE/SKIER VISIT*	*$ 22.80*	*$ 21.69*	*$ 24.65*	*$ 23.59*	*$ 20.07*
	Base	26	35	36	97	61

[a] See Table 96.

[b] B = A / C.

[c] Data collected from USIA Annual Economic Survey, 1988-89 Season; not presented elsewhere in this publication.

[d] See Table 98.

[e] I = G + H.

[f] Using figures from Table 98, K = Total Revenue — Profit (Loss) before Tax — Depreciation and Amortization — Interest.

[g] Using figures from Table 102, M = Long-term Debt + Subordinated Debt.

[h] Using figures from Table 102, N = Invested Net Worth + Retained Earnings — Treasury Stock.

[i] Ratio = M / I.

[j] Ratio = J / L.

[k] Ratio = G / N.

[l] Ratio = L / C.

[m] Ratio = K / E.

[n] See Pages 31-37 for related Text Notes.

TABLE 98

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT

SKI AREAS WITH SNOWMAKING AND SKI AREAS WITH NIGHT OPERATIONS

	Areas with Snowmaking				All Areas with Night Operations (000)
	New England (000)	*East and Midwest (000)*	*Rockies, West, and Western Canada (000)*	*All Areas with Snowmaking (000)*	
Gross Fixed Assets	***$17,997***	***$6,143***	***$24,931***	***$16,293***	***$9,005***
Revenue					
Ski Lift Gross—Winter	$ 4,985	$2,228	$7,674	$4,988	$2,910
Ski Lift Gross—Summer	54	5	196	89	52
Supporting Margin—Winter	1,246	748	1,543	1,177	753
Supporting Margin—Summer	158	83	68	97	130
Year-Round Margin	360	71	453	290	24
Total Revenue	***$ 6,804***	***$3,135***	***$9,933***	***$6,642***	***$3,870***
Expenses and Allocations					
Ski Lift Direct Expense	$ 1,153	$ 566	$2,067	$1,281	$ 798
Payroll Taxes	121	63	266	154	83
Property Operation	304	140	137	183	138
Subtotal, Expenses and Allocations	*$ 1,578*	*$ 768*	*$2,470*	*$1,618*	*$1,019*
Operations Margin	***$ 5,226***	***$2,367***	***$7,463***	***$5,024***	***$2,851***
Common Expenses					
General and Administrative	$ 1,093	$ 399	$1,521	$1,001	$ 606
Marketing (advertising, public relations, promotion, etc.)	708	195	642	499	299
Insurance (property, liability)	427	278	561	423	274
Land Use Fees (public)	54	1	194	87	29
Land Use Fees (private)	25	56	148	82	48
Property Taxes	105	48	197	119	68
Other Taxes (except income)	43	21	12	24	14
Snowmaking	471	350	282	357	194
Snow Removal	16	1	22	13	13
Miscellaneous	156	72	318	186	87
Depreciation and Amortization	946	375	1,247	852	454
Subtotal, Common Expenses	*$ 4,045*	*$1,797*	*$5,145*	*$3,641*	*$2,085*
Operating Profit (Loss)	***$ 1,181***	***$ 570***	***$2,318***	***$1,383***	***$ 766***
Interest Expense	*$ 742*	*$ 222*	*$ 743*	*$ 555*	*$ 278*
Profit (Loss) before Tax	***$ 439***	***$ 348***	***$1,575***	***$ 828***	***$ 488***
Base	26	35	36	97	61

TABLE 99

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT

SKI AREAS WITH SNOWMAKING AND SKI AREAS WITH NIGHT OPERATIONS

PERCENT OF GROSS FIXED ASSETS

	With Snowmaking				
	New England	*East and Midwest*	*Rockies, West, and Western Canada*	*All Areas with Snow-making*	All Areas with Night Operations
Gross Fixed Assets	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***
Revenue					
Ski Lift Gross—Winter	27.7%	36.3%	30.8%	30.6%	32.3%
Ski Lift Gross—Summer	0.3	0.1	0.8	0.5	0.6
Supporting Margin—Winter	6.9	12.2	6.2	7.2	8.4
Supporting Margin—Summer	0.9	1.3	0.3	0.6	1.4
Year-Round Margin	2.0	1.2	1.8	1.8	0.3
Total Revenue	***37.8%***	***51.0%***	***39.8%***	***40.8%***	***43.0%***
Expenses and Allocations					
Ski Lift Direct Expense	6.4%	9.2%	8.3%	7.9%	8.9%
Payroll Taxes	0.7	1.0	1.1	0.9	0.9
Property Operation	1.7	2.3	0.5	1.1	1.5
Subtotal, Expenses and Allocations	*8.8%*	*12.5%*	*9.9%*	*10.0%*	*11.3%*
Operations Margin	***29.0%***	***38.5%***	***29.9%***	***30.8%***	***31.7%***
Common Expenses					
General and Administrative	6.1%	6.5%	6.1%	6.1%	6.7%
Marketing (advertising, public relations, promotion, etc.)	3.9	3.2	2.6	3.1	3.3
Insurance (property, liability)	2.4	4.5	2.3	2.6	3.0
Land Use Fees (public)	0.3	0.0	0.8	0.5	0.3
Land Use Fees (private)	0.1	0.9	0.6	0.5	0.5
Property Taxes	0.6	0.8	0.8	0.7	0.8
Other Taxes (except income)	0.2	0.3	0.0	0.1	0.2
Snowmaking	2.6	5.7	1.1	2.2	2.2
Snow Removal	0.1	0.0	0.1	0.1	0.1
Miscellaneous	0.9	1.2	1.3	1.1	1.0
Depreciation and Amortization	5.3	6.1	5.0	5.2	5.0
Subtotal, Common Expenses	*22.4%*	*29.2%*	*20.6%*	*22.3%*	*23.2%*
Operating Profit (Loss)	***6.6%***	***9.3%***	***9.3%***	***8.5%***	***8.5%***
Interest Expense	*4.1%*	*3.6%*	*3.0%*	*3.4%*	*3.1%*
Profit (Loss) before Tax	***2.4%***	***5.7%***	***6.3%***	***5.1%***	***5.4%***
Base	26	35	36	97	61

TABLE 100

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT

SKI AREAS WITH SNOWMAKING AND SKI AREAS WITH NIGHT OPERATIONS

PERCENT OF REVENUE

	With Snowmaking				
	New England	*East and Midwest*	*Rockies, West, and Western Canada*	*All Areas with Snow-making*	All Areas with Night Operations
Revenue					
Ski Lift Gross—Winter	73.3%	71.1%	77.3%	75.1%	75.2%
Ski Lift Gross—Summer	0.8	0.2	2.0	1.3	1.3
Supporting Margin—Winter	18.3	23.9	15.5	17.7	19.5
Supporting Margin—Summer	2.3	2.6	0.7	1.5	3.4
Year-Round Margin	5.3	2.3	4.6	4.4	0.6
Total Revenue	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Expenses and Allocations					
Ski Lift Direct Expense	17.0%	18.1%	20.8%	19.3%	20.6%
Payroll Taxes	1.8	2.0	2.7	2.3	2.2
Property Operation	4.5	4.5	1.4	2.8	3.6
Subtotal, Expenses and Allocations	*23.2%*	*24.5%*	*24.9%*	*24.3%*	*26.3%*
Operations Margin	*76.8%*	*75.5%*	*75.1%*	*75.7%*	*73.7%*
Common Expenses					
General and Administrative	16.1%	12.7%	15.3%	15.1%	15.7%
Marketing (advertising, public relations, promotion, etc.)	10.4	6.2	6.5	7.5	7.7
Insurance (property, liability)	6.3	8.9	5.6	6.4	7.1
Land Use Fees (public)	0.8	0.0	2.0	1.3	0.8
Land Use Fees (private)	0.4	1.8	1.5	1.2	1.2
Property Taxes	1.5	1.5	2.0	1.8	1.8
Other Taxes (except income)	0.6	0.7	0.1	0.4	0.4
Snowmaking	6.9	11.2	2.8	5.4	5.0
Snow Removal	0.2	0.0	0.2	0.2	0.3
Miscellaneous	2.3	2.3	3.2	2.8	2.2
Depreciation and Amortization	13.9	12.0	12.6	12.8	11.7
Subtotal, Common Expenses	*59.4%*	*57.3%*	*51.8%*	*54.9%*	*53.9%*
Operating Profit (Loss)	*17.4%*	*18.2%*	*23.3%*	*20.8%*	*19.8%*
Interest Expense	*10.9%*	*7.1%*	*7.5%*	*8.4%*	*7.2%*
Profit (Loss) before Tax	*6.5%*	*11.1%*	*15.9%*	*12.5%*	*12.6%*
Base	26	35	36	97	61

TABLE 101

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN[a]

SKI AREAS WITH SNOWMAKING AND SKI AREAS WITH NIGHT OPERATIONS

	Areas with Snowmaking				Areas with Night Operations
	New England	*East and Midwest*	*Rockies, West, and Western Canada*	*All Areas with Snow-making*	
Ski Lift Gross Revenue (Winter)	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Direct Labor Expense					
Ski Lift Payroll	4.1%	4.6%	5.1%	4.8%	5.1%
Ski Patrol Payroll	1.8	1.6	2.6	2.3	2.2
Slope Maintenance Payroll	1.8	1.3	2.3	2.1	2.1
Maintenance and Repair Payroll	2.7	3.8	2.7	2.8	3.8
Ticket Sales Payroll	1.2	0.9	1.2	1.2	1.4
Other Payroll	0.7	0.4	1.5	1.2	0.8
Total Payroll Expense	*12.3%*	*12.5%*	*15.4%*	*14.3%*	*15.3%*
Payroll Taxes	*2.2%*	*2.9%*	*3.1%*	*2.9%*	*2.7%*
Other Direct Expense	*8.4%*	*9.3%*	*9.5%*	*9.2%*	*9.9%*
Total Direct Expense	*22.9%*	*24.7%*	*28.0%*	*26.3%*	*28.0%*
Gross Margin	*77.1%*	*75.3%*	*72.0%*	*73.7%*	*72.0%*
Base	19	26	28	73	47

[a] Includes only those areas which supplied a Winter Lift Department Direct Labor breakdown with their Income Statement data.

TABLE 102

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET

SKI AREAS WITH SNOWMAKING AND SKI AREAS WITH NIGHT OPERATIONS

	Areas with Snowmaking				All Areas with Night Operations (000)
	New England (000)	*East and Midwest (000)*	*Rockies, West, and Western Canada (000)*	*All Areas with Snowmaking (000)*	
Assets					
Current Assets	$ 2,056	$1,074	$ 2,303	$ 1,784	$1,029
Gross Fixed Assets	18,217	6,419	26,580	16,865	9,482
Minus: Depreciation	(5,763)	(2,883)	(10,876)	(6,525)	(4,057)
Other Assets	1,818	311	3,455	1,848	581
Total Assets	***$16,329***	***$4,921***	***$21,462***	***$13,971***	***$7,036***
Liabilities					
Current Liabilities	$2,266	$ 505	$ 1,832	$ 1,466	$ 795
Long-Term Debt	5,465	2,102	8,650	5,364	2,605
Subordinated Debt	1,694	149	2,858	1,541	119
Deferred Taxes	611	154	67	250	174
Other Liabilities	476	8	1,579	696	273
Subtotal, Liabilities	***$10,512***	***$2,918***	***$14,986***	***$ 9,317***	***$3,966***
Net Worth					
Invested	$ 3,558	$ 544	$ 6,457	$ 3,484	$1,590
Retained Earnings	2,464	1,543	80	1,279	1,558
Minus: Treasury Stock	(204)	(84)	(61)	(109)	(78)
Subtotal, Net Worth	***$ 5,817***	***$2,003***	***$ 6,476***	***$ 4,654***	***$3,070***
Total Liabilities and Net Worth	***$16,329***	***$4,921***	***$21,462***	***$13,971***	***$7,036***
Base	26	35	36	97	61

TABLE 103

SNOWMAKING ACREAGE, COVERAGE, AND CAPACITY

SKI AREAS WITH SNOWMAKING

	New England	East and Midwest	Rockies, West, and Western Canada	All Areas with Snowmaking
Average Skiable Acres	231	110	1,120	517
Average Snowmade Acres	174	93	138	131
Average Proportion of Total Acres	75.3%	84.9%	12.3%	25.4%
Total Skier Capacity	6,338	2,585	8,366	5,736
Average Snowmade Capacity	4,772	2,196	1,031	1,457
Average Snowmade Density	27	24	7	11
Base	26	35	36	97

TABLE 104

NIGHT SKIING ACREAGE AND CAPACITY

SKI AREAS WITH SNOWMAKING AND SKI AREAS WITH NIGHT OPERATIONS

	Areas with Snowmaking[a]			All Areas with Night Skiing
	New England	*East and Midwest*	*Rockies, West, and Western Canada*	
Average Skiable Acres	231	110	1,120	478
Average Lighted Acres	76	67	58	64
Average Proportion of Lighted Acres	32.9%	61.1%	5.2%	13.5%
Average Night Capacity	1,900	2,205	1,438	1,787
Average Night Density	25	33	25	28
Base	26	35	36	61

[a] Some areas with snowmaking do not have night skiing operations; their data *is* included in the averages given above for Areas with Snowmaking.

TABLE 105

SNOWMAKING COST ANALYSIS

	New England	East and Midwest	Rockies, West, and Western Canada	All Areas with Snowmaking
Expenses				
Labor (000)	$128.3	$64.3	89.8	$90.9
Power (000)	$222.7	$196.4	$118.0	$174.4
Maintenance (000)	$88.4	$65.9	$40.1	$62.4
Other (000)	$31.6	$23.4	34.5	$29.7
Total Cost (000)	***$471.0***	***$350.0***	***$282.4***	***$357.4***
Acres Covered	174	93	138	131
Hours Operated	1,549	913	905	1,081
Total Acre-Hours	269,526	84,909	124,890	141,611
Average Cost per Acre-Hour	***$1.75***	***$4.12***	***$2.26***	***$2.52***
Base	26	35	36	97

X

COMMENTS FROM SKI AREAS

The questionnaire asked respondents to provide comments on the season: What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that affected their performance for the 1988-89 season? The answers to this question are reported verbatim in this chapter. They have been arranged by geographic sector to make them more meaningful.

EAST

New quad chair. Doubled size of lodge (new bar, larger rental area, pizza shop). Unusual scarce snowfall.

Coldest December since area opened in 1962. The area was 100% open the earliest ever. Warmest January since 1962. The warm January weather and bad publicity generated made this an off year. Thirty-year average annual snowfall is 60 inches. Only 34 inches this past year.

We added the new Beginner's lift, which was popular. Snowfall here was 55 inches. Our skier visits were down 12%, presumably a result of zero snow all winter in our primary market area. Our skiing was actually extremely good. People just weren't motivated to go skiing.

The highlight of 1988-89 season was the sale of ski area only to former ski area general manager, operating as a stand-alone entity, separate from Bretton Woods Resort. The reason for financial information from August to March was because of sale of property, August 25, 1988.

1979-80 revisited.

Due to unfavorable weather, the fiscal year ending April 30, 1989 saw a significant reduction in revenues and earnings. Pre-tax income fell to slightly over $830,000. December was over budget and promised a strong season. Unfortunately, January produced much rain and little snow. February and March were spent trying to recover, but the company ended the year with an overall decline in skier visits—a decline that was experienced by most Eastern ski areas. Per share book value again increased this year.

First year with new lower-mountain quad chair, which replaced two T-Bars. Terrible natural snow year produced perception that skiing was not good (although conditions were excellent on man-made snow). Results were mediocre for skier visits, which was particularly damaging since 1988-89 was the first full-debt-service year on a $10 million expansion project.

Snowmaking system expanded to 85%. Added new upper mountain base lodge. Unusually low natural snowfall.

The 1988-89 season goes down in history as a year of lean snowfall in the East, yet we experienced our best season ever. We attribute that success to a state-of-the-art snowmaking system and grooming technology, plus the experienced crew to operate them. With our continuous yearly improvements, our skiers have come to rely on Holiday Valley having dependable conditions and delivering a good value for their dollar. The 1988-89 improvements included a car tunnel under one of our slopes, expansion of our snowmaking system, and two new slopes. Special promotions are occasionally used to build up our off-peak times (some weekdays and nights), but still our marketing strategy is to give people a good ski experience at a fair price.

The 1988-89 ski season's weather was unusually mild for the Poconos. Our natural snowfall for the season was only 9 inches compared to the normal average of 30 inches. Our snowmaking hours increased by 16% and our skier visits decreased by 16% from last season.

Poor "natural" snow year in New England contributed to decrease in skier days from 1987-88.

Snow drought. New skier services lodge.

Replaced 20-year-old Gondola with a new one. Well-received. Longest season. Second most skiers in history in defiance of generally tough weather and negative market throughout the state. Snowmaking, grooming, and marketing in spite of the weather paid-off.

Only 66% of average snowfall received. Approximately 25 days of rain.

This was our 50th anniversary with great publicity and many special events.

Very good season with 3.5% increase in visits. Would have been a lot more but we had a very cold winter. Temperatures were unpredictable.

Snowmaking coverage increased by 20%; timely, one-third natural snowfall average. Seven freezing rain storms resulted in twice the effort for half the business. Terrible ski season.

The 1988-89 ski season was the worst snowfall year in our operating history. We went from an average natural snowfall of 80 inches to a total of 11 inches all season. Thank God for snowmaking!! The metropolitan skiers would not believe that we had good conditions.

Despite a snow drought, skier count dropped only 8% from the previous year, which was a record year. A record 40,000 ski lessons were taught here at Shawnee during 1988-89. Children's ski programs (Ski Wee) showed steady growth.

Weather was not good. Not enough cold temperatures for natural snow or for snowmaking.

The 1988-89 season for us was a financial disaster. We rely on natural snow. The average annual snowfall for this area is 9 inches to 120 inches. We got a *total of* 23 inches for the season.

Annual snowfall less than 100 inches. This is the least amount ever recorded. More snowmaking hours as a result of above. We were able to maintain 100% of our trails open due to superior climatology. Record year for skier visits.

Installation of a new quad chair at Mont-Avila with one new trail equipped with snowmaking and lights. Purchased additional land for development in 1990. Constructed one new summer slide (Lazy River).

The 1988-89 season was severely hampered by unusually warm temperatures, resulting in about a 25% decrease in the number of skier visits from the prior year.

The 1988-89 season was very challenging for our snowmakers. We opened early and capitalized on every window of snowmaking opportunity. The results were that we had the whole area open well before Christmas, while surrounding areas never fully opened during the season. Our skier visits were up slightly over our best previous season, and gross income was 15% better due to aggressive pricing. The most encouraging aspect of the season was that skiers came out in good numbers in spite of a complete lack of natural snow in the market. Perhaps a decade of education on the dependability of machine-made snow is finally starting to pay dividends.

Only 22 inches of natural snow.

Skier volume this past season was the second highest in the company history, despite snowfall being 30% below normal. Installed high-speed, detachable quad from top to bottom.

MIDWEST

Even though skier visits were down 13% this season, our revenue increased slightly. I would have to say that we were pleased overall—we were able to increase our midweek skier visits by focusing a large portion of our marketing program at midweek skiing. (We also emphasized the new quad chair lift, runs, rental addition and equipment, etc....) March visits were strong, ending the season on a "happy note."

Extremely erratic weather was the main concern this past season. Bitter cold spells with abrupt swings into the 40's plagued January and February. Thanks to Snomax and an excellent crew and equipment we were able to provide good conditions and keep all runs open throughout the remainder of the season. The only problem was convincing people that we had the snow!

New maintenance facility for snowmaking and ground maintenance. Poor weather January (warm).

Good March snow.

January locally was a bummer. Nights up anyway, so had we done a better job of selling locally we would have had even better traffic. Total for season was 30-season-record-total, by a few. Out-of-town and group sales best yet, and new ideas for next year should help traffic if not total take per skier. Discounts are a large potential problem.

The statistics January 1 to February 28, 1989: total rainfall 12.7", total snowfall, 0.6". For the month of January: average daytime high, 51 degrees; average nighttime temperature, 32 degrees; high, 71 degrees; low, 20 degrees; total snowmaking hours for January, 61. Well, there will always be a better year.

Rained once in December, three times in January, and two times in March. Closed December 20 to 28 and second day in January because of rain. Open four more days than last year, but fewer skiers because of rainy weather.

A disappointing season inasmuch as our holiday business was the best ever and by the first of the year we were ahead of any previous year. However, with a three-week "January thaw" we were fortunate to end the season about even with the previous year.

70 degrees January 30—terrible January. Some snowfall and normal temperatures made February excellent!

The 1988-89 season was highlighted with above-normal temperatures and less than 1/2 the normal precipitation. Most of the precipitation came in the form of ice storms late in the week which really hurt our weekend business. The addition of Snowmax really helped our snowmaking capabilities and improved our conditions. We went into the season with a lot of additional costs due to major construction during the summer of 1988 (added a chair lift, regraded a run, built new maintenance building, remodeled old maintenance building in to a group rental building), which also contributed to the loss shown here.

This season provided the most dramatic evidence in 10 years of the effect of weather on performance. On February 1 winter began and remained for at least 5 weeks. The season improved instantly. While the best ever February was inadequate to completely make up for the poor peak season, it was encouraging for the future of the sport.

ROCKIES

Weather conditions were good to us this year!

Big 7 ft. snowstorm provided us with a good marketing tool. Major events, such as the pro-tour, shovel races, and Chevy Challenge, attracted a good number of people. Expansion: none, only minor improvements.

World Alpine Championships.

We allowed snowboards on our slopes for the first time. We had good to excellent snow conditions throughout the entire ski season. A severe cold spell hit the first week of February and resulted in a loss of reservations and skier visits for that week.

Opened November 19 (early). Closed April 16. Longer than normal season. Great snow depth all season. Poor weather during January and February. Weekends hurt attendance.

The 1988-89 ski season was another record-breaker at Breckenridge. The final skier tally of 1,071,111 marked the second consecutive year of cracking the million skier plateau and fortified Breckenridge's position as the third most popular ski area in North America. Fanning the increase were unprecedented numbers of international travelers to Breckenridge. England, Australia and Mexico were countries of especially high traffic. Two Breckenridge special events again reached millions of television views around the globe. The Subaru Freestyle World Cup and TDK World Snowboarding Championships both were beamed via satellite to over 70 countries throughout the world. Ironically, due to a lack of snow in the East, a second freestyle event was moved to Breckenridge in April. The National Freestyle Championships' competitors witnessed seven feet of snow in seven days during the first days of April. Amidst it all was another event—the Chap Stick Challenge for Disabled Skiers saw the likes of Bill Demby and Diana Golden grace the slopes with their own style of grace and guts. An emphasis on special skiing segments, such as the disabled, snowboarders, women (through four Women's Skiing Seminars), and expanded child-care facilities and programs were also successful components of the marketing mix.

The new base area day lodge did show that area per square foot for skiers is very important; it worked.

Much better snowbase than previous two years. Real estate sales increased considerably.

Generally good season although with severe weather extremes—long cold spell in February, heat wave in March, resulting in closing a week early.

A poor April, late-November opening, revision of attendance accounting procedures, and a new policy which reduced complimentary tickets contributed to attendance decrease. However, a rate increase, reduction of complimentary tickets, and discounts increased our yield and profits.

This year again started off with very poor early season snow.

An unusually warm and dry winter was the main determining factor in last year's operation.

An unusually warm and dry winter was the main contributing factor in the operation of the area during the 1988-89 ski season.

Expanded day lodge. First season of back country "Snowcat" powder tours was very popular. Good average snow year. Skier count was up in early season but dwindled in late season.

Best season ever for skier days, sales and early snowfall! Early heavy snows allowed for November opening and great conditions all season. Operations and marketing remained much the same as earlier years. 50th anniversary this year! Note: For ski area operations only. Hotel, food and beverage operations are excluded to avoid distortion.

We provided Utah's first free chair lift—the link double chair. We marketed "freedom dollars" to the local public; a $200 value sold for $150.

Increase in major group business in January and February led to 6.9%. First real growth in food service revenues in many years. No apparent price resistance to 10.3% increase in daily rate.

Highlights: China Bowl expansion; World Alpine Championships; managing Ski Broadmoor in Colorado Springs.

Wolf Creek had a very successful ski season. The new Bonanza Triple chair lift could accommodate 72% more skiers. There were no lift lines or 5-10 minute lines over peak periods. Twenty acres of new trails added a new personality to area. Snowstorms had good timing, especially early season. We did have to close for 4 days due to the closure of Wolf Creek Pass and 5 feet of snow.

WEST

New snowmaking system. Widened runs, grooming equipment, East base ski school area and improved base area facilities.

New cliff platter, alpine center renovated. Revenue up substantially. Large increase in season pass sales. Destination marketing has resulted in increase in destination skiers.

Added T-Bar to glacier area. Opened for summer skiing, mountain biking and sightseeing.

Record revenue per skier. Plenty of snow, but usually on Friday and Saturday, making it hard for our beginner/intermediate drive market to get here. Two weeks of Christmas: 1st week worst ever, 2nd week best ever.

Significant growth in season pass sales. Primarily one night per week. Sunday night family passes. Another long season, 152 days. Lots of snow!

Major snowmaking expansion. Below normal snowfall. 70.2% increase in revenue. 65.8% increase in skier days.

A good season, with 35 more operating days, which allowed a 30% increase in skier visits over the previous season. Early snow and snowfalls off and on throughout most of the season coupled with cold temperatures and a strong marketing effort were the main reasons for the volume improvements.

The marketing slogan was "Four New Lifts" all of which were operational by Thanksgiving. Early snow plus a much-expanded snowmaking system led to an early opening and record months for November through February. The rains came in March and April was a disappointment, but all in all this was a very good year!

A below normal cold snap at the beginning of February caused a sharp decline in skier visits. It was a very good snow year, but unfortunately for my area the storm pattern was weekend storms.

The 1988-89 ski season began strong with no shortage of snow or skiers. However, a harsh cold snap occurred in February, causing our skier count and revenues to plummet. The season never fully recovered from the slowdown caused by the sub-zero temperatures. Kirkwood closed at the end of April after experiencing some great late-season skiing.

Since our past seasons have been so bad we feel lucky just to have a normal season. Very encouraging for a small Ma & Pa operation. Looking forward to snowmaking and 600 acre development if we can attract the investors. Know anyone? We are looking.

Very good weather on snow conditions plus celebration of 25th anniversary.

A great year in some ways, less than great in others. In terms of operating days, one of the best ever with 237 days. Earliest opening put a damper on operation that took the remainder of winter to recover from. Still, an all-time record in skier visits, and without question the best year we have had in recent history. New capital investment in on-mountain facilities and new air service should lead to another record year in 1989-90. Investment in 88-89 was $4.5 million, in 89-90 is projected to be $4 million (not including air service guarantees and marketing cost.)

The season started off early and strong, although during the heart of our season we experienced many poor weather days, which resulted in an average year. We also invested a major amount of time and money in our updated EIS.

Early opening on November 22nd. It was a strong start for our best season yet (132 days—increase in skier visits from 77,000 to 93,000). Completion of new lodge allowed for better service and more revenue extracted per skier visit. The season fizzled in March with warm, wet weather; still the best in our four seasons of operation.

Lots of snow.

Good snow team. Open Thanksgiving but weekend weather very stormy on 12 of 14 weekends. Estimated skier-day loss due to weather, 15,000.

Great start. Good mid-season; sudden, early close due to weather. On a scale of 1 to 10, it was a 6.5.

Total revenue for May through November is $1,416. The departments operating are F&B, rooms, rental. Cost of sales for F&B and retail are similar to winter on a percentage basis. Taxes are higher. No breakdown of summer is available.

Fairly early start with excellent snow conditions in early season. Some severe cold in late January; otherwise, very consistent weather and snow throughout the season.

A little below average snowfall, more rain than normal (especially in vacation and weekend periods). Too much discounting of tickets at some nearby resorts. We did more national advertising than before and the snowfall and conditions were better than the last couple years.

We experienced a record year with a 9% increase in skier visits, which contributed to increased revenues. Real estate sales continue to be an influencing factor on increased revenues as well. We redeemed $869,625 of preferred shares by increasing long-term debt. Maintenance costs continue to increase.

We had our biggest year ever, with 68,188 skier visits. Plenty of snow for entire season (we opened only one day late). Bad cold snap in January shut us down for two days otherwise we would have done over 70,000 skier visits. Overall—a great season.

Below normal snowfall and precipitation again plagued Southern California, but extremely cold temperatures late November, December and January and a strong and enthusiastic skier market put us on a record skier day pace through the end of February. Weather abruptly turned warm and summer-like at the end of February, making for a poor March and early April and overall season results were "average."

Squaw Valley enjoyed good early season snowfall, which allowed us to open by Thanksgiving. Our "Fun in the Sun" program of free lift tickets, lessons, and rentals to first time beginner skiers throughout the ski season continued to be successful. This program was offered every weekday of the season except during holiday periods. Our Frequent Skier Program, now in its second season, also continued to be successful. Squaw Valley was proud to host the 1989 International Special Olympic Games in April, which were very successful. Significant snowfall in March allowed us to remain open through Memorial Day, a practice we plan to continue in the future.

January 3 start. Good snow then on. Lost 3 days to cold weather early February. Early Easter helps.

Purchased assets from receiver. Invested $500,000 in capital improvements. Experienced a 40% increase in skiers and a 50% increase in revenue. Began construction on $4 million golf course, residential and ski area expansion. 1988 was a great year.

APPENDIX A

SKI AREAS RESPONDING TO THE USIA/NSAA ANNUAL ECONOMIC SURVEY, 1988-89 SEASON

This list gives the names and addresses of the 138 ski areas that responded to the annual economic survey and provided complete financial data. The ski areas are listed in alphabetical order by geographic sector.

EAST

Alpine Mt. Ski Area
Rt. 447
Analomink, PA 18320

Appalachian Ski Mountain
P. O. Box 106
Ski Mountain Road
Blowing Rock, NC 28607

Attitash Ski Area
Box 308
Bartlett, NH 03812

Auberge Gray Rocks
P. O. Box 1,000
St-Jovite, Quebec
Canada J0T 2H0

Big Boulder Ski Area
Big Boulder Lake
P. O. Box 702
Blakeslee, PA 18610-0702

Blue Mountain Resorts, Ltd.
R. R. 3
Collingwood, Ontario
Canada L9Y 3Z2

Bretton Woods Ski Area
Box 174
Twin Mountain, NH 03575

Bromley
P. O. Box 1130
Manchester Center, VT 05255

Camelback Ski Corporation
P. O. Box 168
Tannersville, PA 18372

Elk Mountain Ski Center, Inc
R. D. #1, Box 258
Union Dale, PA 18470

Gunstock Area
P. O. Box 1307
Laconia, NH 03247

Haystack Ski Area
R. R. 1, Box 173
Wilmington, VT 05363

Holiday Valley Resort
P. O. Box 370
Holiday Valley Road
Ellicottville, NY 14731

Hunter Mountain Ski Bowl
P. O. Box 295
Hunter, NY 12442

Jack Frost Mountain
P. O. Box 703
Blakeslee, PA 18610

Jay Peak
Rt. 242
Jay, VT 05859

Jiminy Peak, Inc.
Corey Road
Hancock, MA 01237

Killington Ski Area
Killington Road
Killington, VT 05751

King Ridge
R. R. 1, Box 3130
New London, NH 03257

Loon Mountain
Recreation Corporation
Rt. 112
Lincoln, NH 03251

Lost Valley, Inc.
P. O. Box 260
Lost Valley Road
Auburn, ME 04210

Mont Sutton, Inc.
C. P. 280
Sutton, Quebec
Canada J0E 2K0

Mount Mansfield Resort
P. O. Box 1310
Stowe, VT 05672

Mount Snow, Ltd.
Mountain Road
Mount Snow, VT 05356

Mt. Cranmore, Inc.
P. O. Box 1640
North Conway, NH 03860

Mt. Farlagne
P. O. Box 61
Edmundston, New Brunswick
Canada E3V 3K7

Mt. Sunapee Ski Area
Mt. Sunapee, NH 03772

Okemo Mountain, Inc.
RFD #1
Ludlow, VT 05149

Osler Bluff Ski Club
R. R. #1
Collingwood, Ontario
Canada L9Y 3Y9

Parc du Mont-Sainte-Anne
P. O. Box 400
Beaupre, Quebec
Canada G0A 1E0

Peek 'n Peak Recreation, Inc.
R. D. 2, P. O. Box 135
Clymer, NY 14724

Plattekill Mt. Ski Center
Meeker Hollow Road
P. O. Box 205
Roxbury, NY 12474

Shawnee Mountain, Inc.
P. O. Box 93
Shawnee on Delaware, PA 18536

Silver Creek Ski Area
P. O. Box 150
Slatyfork, WV 26291

Ski Beech
P. O. Box 1118
Beech Mountain Parkway
Banner Elk, NC 28604

Ski Hawksnest
1605 Skyland Drive
Banner Elk, NC 28604

Ski Hickory Hill, Inc.
P. O. Box 9004
Schenectady, NY 12309

Ski Liberty
P. O. Box Ski
Carroll Valley, PA 17320

Ski Roundtop
925 Roundtop Road
Lewisberry PA 17339

Ski Windham
C. D. Lane Road
P. O. Box 459
Windham, NY 12496

Snowshoe Mt. Resort
P. O. Box 10
Snowshoe, WV 26209

Station de Ski Bromont, Inc.
150 Champlain
Bromont, Quebec
Canada J0E 1L0

Station Touristique
Mont Saint-Sauveur
350 St-Denis Street
St. Sauveur-des-Monts, Quebec
Canada J0R 1R0

Sugar Mountain Resort, Inc.
P. O. Box 369, Highway 184
Banner Elk, NC 28604

Sugarloaf USA
Carrabassett Valley, ME 04947

Sunday River Ski Resort
P. O. Box 450
Sunday River Road
Bethel, ME 04217

Swain Ski Slopes, Inc.
County Road #24
Swain, NY 14884

Wachusett Mountain
499 Mountain Road
Princeton, MA 01541-1105

Waterville Valley
Tripoli Road
Waterville, NH 03215

MIDWEST

Bottineau Winter Park
Box 124
Bottineau, ND 58318

Caberfae Ski Resort
Caberfae Road
Cadillac, MI 49601

Cascade Mountain, Inc.
W10441 Cascade Mountain Road
Portage, WI 53901

Chestnut Mt. Resort
8700 West Chestnut
Galena, IL 61036

Crystal Mountain Resort
M-115 at Lindy Road
Thompsonville, MI 49683

Mad River Mountain
Box 22
Bellefontaine, OH 43311

Mt. La Crosse
P. O. Box 9
La Crosse, WI 54602

Paoli Peaks, Inc.
P. O. Box 67
Paoli, IN 47454

Skyline Ski Area
Rt. 1, Box 1708
Grayling, MI 49738

Snow Trails Ski Resort
P. O. Box 1456
Mansfield, OH 44901

Snowstar
9500 126th Street West
Taylor Ridge, IL 61284

Sundown
17017 Asbury Road
Dubuque, IA 52001

Wilmot Mountain, Inc.
P. O. Box 177
Wilmot, WI 53192

ROCKIES

Alta
Alta, UT 84092

Angel Fire Resort
Drawer B
Angel Fire, NM 87710

Beaver Creek
Box 7
Vail, CO 81658

The Big Mountain
P. O. Box 1400
Whitefish, MT 59937

Bogus Basin Ski Resort
2405 Bogus Basin Road
Boise, ID 83702

Breckenridge Ski Corporation
P. O. Box 1058
Breckenridge, CO 80424

Bridger Bowl
15795 Bridger Canyon
Bozeman, MT 59715

Crested Butte Mountain Resort
P. O. Box A
Mt. Crested Butte, CO 81225

Deer Valley Resort
P. O. Box 889
Park City, UT 84060

Eldora Mountain Resort
Box 430
Nederland, CO 80303

Grand Targhee Resort
Box SKI
Alta, WY 83422

Jackson Hole Ski Corporation
P. O. Box 290
Teton Village, WY 83025

Loveland Ski Area
P. O. Box 849
Georgetown, CO 80444

Monarch Ski Resort
#1 Powder Place
Garfield, CO 81227

Montana Snowbowl
P. O. Box 8226
Missoula, MT 59807

Park City Ski Area
P. O. Box 39
Park City, UT 84060

Payarito Mountain
P. O. Box 155
Los Alamos, NM 87544

Purgatory Ski Resort
P. O. Box 666
Durango, CO 81302

Sandia Peak Ski Area
#10 Tramway Loop NE
Albuquerque, NM 87122

Santa Fe Ski Area
1210 Luisa Street, Suite 10
Santa Fe, NM 87501

Schweitzer Mountain Resort
P. O. Box 815
Sandpoint, ID 83864

Ski Cooper
P. O. Box 896
Leadville, CO 80461

Ski Rio
P. O. Box 59
Costilla, NM 87524

Ski Sunlight, Inc.
10901 County Road 117
Glenwood Springs, CO 81601

Snow King Ski Area
P. O. Box Ski
Jackson, Wy 83001

Solitude Ski Area
P. O. Box 21350
Salt Lake City, UT 84121-0350

Steamboat Ski Corporation
2305 Mt. Werner Circle
Steamboat Springs, CO 80487

Sunrise Ski Resort
P. O. Box 217
McNary, AZ 85930

Taos Ski Valley, Inc.
Taos Ski Valley, NM 87525

Vail
Box 7
Vail, CO 81658

Winter Park Resort
P. O. Box 36
Winter Park, CO 80482

Wolf Creek Ski Area
P. O. Box 1036
Pagosa Springs, CO 81147

WEST

Alpine Meadows
Box 5279
Tahoe City, CA 95730

Bear Mountain Ski Resort
P. O. Box 6812
43101 Goldmine Drive
Big Bear Lake, CA 92315

Big White Ski Resort, Ltd.
P. O. Box 2039, Station R
Kelowna, British Columbia
Canada V1X 4K5

Blackcomb Mountain
Box 98
Whistler, British Columbia
Canada V0N 1B0

Boreal Ski Area
P. O. Box 39
Truckee, CA 95734

Crystal Mountain, Inc.
P. O. Box 1
Crystal Mountain, WA 98022

Cypress Bowl
Box 91252
West Vancouver, British Columbia
Canada V7V 3N9

Diamond Peak at Ski Incline
P. O. Box AL
Incline Village, NV 89450

Dodge Ridge Ski Area
P. O. Box 1188
Pinecrest, CA 95364

Eaglecrest
155 South Seward Street
Juneau, AK 99801

Grouse Mountain Resorts
6400 Nancy Greene Way
North Vancouver, British Columbia
Canada V7R 4K9

Heavenly Valley
P. O. Box 2180
Stateline, NV 8944[illegible]

Hoodoo Ski Bowl
Box 20, Highway 20
Sisters, OR 97759

Kirkwood Associates, Inc.
P. O. Box 1
Kirkwood, CA 95646

Kratka Ridge Ski Area
Star Route
La Canada, CA 91011

Mammoth/June Ski Resort
P. O. Box 24
Mammoth Lakes, CA 93546

Marmot Basin Ski Lifts, Ltd.
Box 1300
Jasper, Alberta
Canada T0E 1E0

Mission Ridge
P. O. Box 1765
212 South Mission Street
Wenatchee, WA 98801

Mt. Bachelor, Inc.
P. O. Box 1031
335 Century Drive
Bend, OR 97709

Mt. Hood Meadows
P. O. Box 470
Mt Hood, OR 97041

Mt. Shasta Ski Park
104 Siskiyou Avenue
Mt. Shasta, CA 96067

Mt. Washington Ski Resort
P. O. Box 3069
Courtenny, British Columbia
Canada V9N 5N3

Mt. Waterman Ski Lifts, Inc.
817 Lynnhaven Lane
La Canada, CA 91011

Mt. Rose
P. O. Box 2406
Reno, NV 89505

Northstar-at-Tahoe
P. O. Box 129
Truckee, CA 95734

Panorama
Box 7000
Invermere, British Columbia
Canada V0A 1K0

Red Mountain
Box 939
Rossland, British Columbia
Canada V0G 1Y0

Sierra Ski Ranch
Twin Bridges, CA 95735

Silver Star Mountain Resorts, Ltd.
P. O. Box 7000
Vernon, British Columbia
Canada V0T 8X5

Ski Ashland, Inc.
P.O. Box 220
1627 Highway 66
Ashland, OR 97520

Ski Bluewood
P. O. Box 88
Dayton, WA 99328

Skiing Louise, Ltd.
408, 1550-8 Street, Southwest
Calgary, Alberta
Canada T2R 1K1

Smithers Ski Corporation
Box 492
Smithers, British Columbia
Canada V0J 2N0

Sugar Bowl Corporation
P. O. Box 5
Norden, CA 95724

Snow Summit Ski Area
P. O. Box 77
880 Summit Boulevard
Big Bear Lake, CA 92315

Squaw Valley USA
P. O. Box 2007
Olympic Valley, CA 95730

Stevens Pass, Inc.
P. O. Box 98
Leavenworth, WA 98826

Sunshine Village Corporation
Box 1510
Banff, Alberta
Canada T0L 0C0

Tahoe Donner Ski Bowl
P. O. Box 11049
Truckee, CA 95737-2049

Timberline Ski Area
Timberline Lodge, OR 97028

Westcastle Park
Box 279
Pincher Creek, Alberta
Canada T0K 1W0

Whitewater Ski Resort
Box 60
Nelson, British Columbia
Canada V1L 5P7

Willamette Pass
1899 Willamette Street
Eugene, OR 97401

Wintergreen
P. O. Bag 2
Bragg Creek, Alberta
Canada T0L 0K0

APPENDIX B

National Ski Areas Association
Annual Economic Survey
1988-89 Season

PLEASE RETURN BY AUGUST 15, 1989.

This questionnaire represents the twenty-first economic survey of North American Ski Areas. The response in 1987-88 allowed us to prepare an excellent analysis of the industry. We again solicit your cooperation. Please return it as soon as possible.

The data **must include an entire 12-month period**—the 1988 summer season and the winter season 1988-89. If you wish to send us a copy of your **complete financial statement** (including supplements), we will complete a questionnaire for you.

The instructions and definitions provided are designed to facilitate the collection of comparable data—please follow them as closely as possible. The definitions are arranged as they appear in the questionnaire.

We have asked you to identify your area for follow-up purposes; however, all information will be kept strictly confidential.

Name of Ski Area _____ Telephone _____

Address _____

City _____ State _____ Zip Code _____

Fiscal Year: _____ 19 _____ to _____ 19 _____

Person to contact if further information is required _____

Telephone number where contact person can be reached during September and October _____

Person to whom the final report should be sent _____

_____

1988-89 GENERAL INFORMATION (For Classification Purposes)

1. Ski-lift data that you provided in previous surveys is stored on punched cards. If you provided this data last year, give your total 1987-88 VTF/Hr and then list only new lifts added and old lifts retired or rebuilt to different capacities. If no changes, just give your 1987-88 VTF/Hr total.
1987-88 Total Area VTF/Hr _____

See Definitions 3-7.

A	B	C	D	E
Lift Type (Please list each lift separately.) (Definition 3)	**Year Lift First Operated (Definition 4)**	**Vertical Drop (Definition 5)**	**Uphill Capacity in Skiers/Hour (Definition 6)**	**VTF/Hour (CxD) (Definition 7)**
			1988-89 Total Area Vertical Transport Feet/Hour	

2. Year area **first operated** _____

3. Does your ski area have snowmaking?
( ) yes ( ) no
If yes, how many hours did you operate snowmaking equipment in 1988-89? _____ Hours

4. 1988-89 ski area acreage.
a) Total acreage at ski area: _____ acres
b) Total skiable acreage: _____ acres
c) Acres of maintained/groomed slopes: _____ acres
d) Acres covered with snowmaking equipment: _____ acres
e) Acres under lights for night skiing: _____ acres
f) Acres under USFS permit: total acres _____; skiable acres _____; maintained acres _____.

5. Classification of your ski area—**choose one.**
( ) **Day Skier Area** (area at which overnight, dining, and after-ski facilities are limited since the area *primarily serves a day skier market*)
( ) **Weekend Skier Area** (area with substantial overnight accommodations and a variety of dining and entertainment but which *primarily serves skiers who stay for a weekend*)
( ) **Vacation Destination Skier Area** (area which *primarily serves the skier who stays longer than a weekend*)
( ) **Weekend Only Area** (area which is *open only on weekends*)

6. We are seeking an absolute measure of growth in usage. Skier-visits are the universally accepted measure of business volume. Would you provide us with your skier-visit count for the past five ski seasons? (Skier-visits is an actual count and *includes season ticket use.*) (**See Definition 8.**)

	Skier-visits				
	Day		Night		Total
1988-89	_____	+	_____	=	_____
1987-88	_____	+	_____	=	_____
1986-87	_____	+	_____	=	_____
1985-86	_____	+	_____	=	_____
1984-85	_____	+	_____	=	_____

7. We are seeking a measure of your ski area daily and seasonal capacity. Capacity is the product of the number of skiers at one time and the number of time periods. Please provide us with:
a) Your **peak crowd** in 1988-89: _____ skiers at one time
b) Your estimate of your "**design**" ***daytime*** **skier capacity** in 1988-89: _____ skiers at one time.
1) Total days of operation in 1988-89: ____ days.
2) Of the total days of operation we could handle: our design crowd (a) _____ days; between 50 and 99% of our design crowd: (b) _____ days; less than 50% of our design crowd: (c) _____ days.
(a) + (b) + (c) equals total days your time in 1).
c) If you also operate some lifts and trails at night, your estimate of your "**design**" ***nighttime*** **skier capacity** in 1988-89: _____ skiers at one time
1) Number of nights when all night lifts and trails were open and skiable and you could handle a full nighttime crowd: _____ nights.

8. 1988-89 Ticket Prices:

Adult Weekend All-Day Ticket	$_____
Adult Weekday All-Day Ticket	$_____
Night Weekend Ticket	$_____
Night Weekday Ticket	$_____
Single Adult Season Ticket	$_____

9. Proximity to metropolitan area (SMSA) in miles. (See **Definition 9.**)
( ) 0-24 ( ) 25-49 ( ) 50-74
( ) 75-99 ( ) 100 or more

10. How many ski areas are within one hour driving time of your area:
( ) 0 ( ) 1 ( ) 2-3 ( ) 4-5 ( ) 6 or more

11. Percentage of your terrain in the following categories:
Beginner____% Intermediate____% Expert____%

12. Lodging available to ski patrons:
Number of beds at your base area_____
Number of beds within 10 miles of your base area *(including beds at base)* _____

13. Other activities available (check all that apply):

	Physically Offered at Area	Offered Nearby
Toboggan or Sleds	( )	( )
Snowmobile	( )	( )
Ice Skating	( )	( )
Ski Touring	( )	( )
Golf	( )	( )
Tennis	( )	( )
Swimming	( )	( )
Other Water Sports	( )	( )
Summer Slide	( )	( )
Other: (please specify) _____	( )	( )

14. Ski Area Land Ownership is:
( ) All private land
( ) Partially or wholly public land
( ) USFS permit
( ) State/Provincial land lease
( ) Canadian Government land lease
( ) Other (county, etc.) _____
Percent of slope transport feet **(see Definition 10)** on **USFS land** _____%

15. Is your area engaged in land and/or real estate development? ( ) yes ( ) no
If yes, do you offer (check all that apply):
( ) First home sites
( ) First homes
( ) Second home sites
( ) Second homes
( ) Condominium sites
( ) Condominiums
( ) Commercial sites
( ) Commercial buildings

16. Does your area use a computer? ( ) yes ( ) no
If yes, is it ( ) Owned, ( ) Timeshare?
What brand? _____ Model? _____
What applications is it used for (check all that apply):
( ) Payroll
( ) Accounts Receivable
( ) Accounts Payable
( ) Forecasting
( ) Market Research
( ) Ticket Sales
( ) Other (please specify) _____
_____

17. Ski area employment in 1988-89 (including concession employees): Total All Operations

Total Number of Employees:	Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom-modations	Other	Number of Employees	Full-time Equivalent
on average day	_____ +	_____ +	_____ +	_____ +	_____ +	_____ +	_____ +	_____	= _____	_____
on peak day	_____ +	_____ +	_____ +	_____ +	_____ +	_____ +	_____ +	_____	= _____	_____

1988-89 Itemized Income Statement for a 12-Month Period _____ 1988 Through _____ 1989 (See Definitions 11-16.):

	Winter Season Operations							
	Ski Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom-modations	Other[1]
Do not have:	( )	( )	( )	( )	( )	( )	( )	
Own and Operate:	( )	( )	( )	( )	( )	( )	( )	
Concession:	( )	( )	( )	( )	( )	( )	( )	
In thousands:	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Revenue—Gross Sales or	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
Concession Income	.....	$_____	$_____	$_____	$_____	$_____	$_____	$_____
Less: Direct Expenses								
(A) Cost-of-Goods-Sold	.....	.....	$_____	$_____	$_____	$_____[4]	.....	$_____
(B) Direct Labor	$_____*	$_____	$_____	$_____	$_____	$_____	$_____	$_____
(C) Other Direct[5]	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
Less: Direct Allocations:								
(D) Payroll Taxes, etc.	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
(E) Property Operation								
Equals: GROSS MARGIN:	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____

***Detail Winter Lift Department**	(000)
Direct Labor: Lift	$_____
Ski Patrol	$_____
Slope Maintenance	$_____
Maintenance and Repair	$_____
Ticket Sales	$_____
Other	$_____
Total	$_____

[1]Other includes Lockers, Nursery, Souvenirs, Coin Machines, Snow Tours, Ice Skating, etc.

[2]The Utility Dept. is for those ski areas that operate community water, sewer, power, plowing, telephone, garbage collection, etc., services either for a fee or free.

[3]Misc. includes Interest Income, Timber Sales, and other unconventional undertakings.

[4]Include the depreciation of rental equipment under cost-of-goods-sold instead of the depreciation account. This is because of the general short life of this equipment.

[5]Other Direct Costs to include the utility cost (except snowmaking), repair and maintenance costs, parts and supplies costs, uniform costs, and any other costs that are directly attributable to the departmental operation.

[6]Payroll Taxes and Employee Benefits to include FICA and unemployment taxes, health, disability and workman's compensation insurance, life insurance, pension and profit sharing, vacation and holiday pay, meals, gifts, etc.; may be allocated by department or grouped under the annual totals in accordance with your accounting treatment.

[7]Despite all efforts to the contrary, there are major items of expense involved in the operation and maintenance of a ski area that do not lend themselves to a direct charge to an operating department. For example, an area might have a general maintenance crew who works from a common supply of tools and repair parts to do minor maintenance in all departments of the ski area. For comparability and analysis, these costs are consolidated as Property Operations, Maintenance, and Energy. You may allocate them by department or group them under annual totals in accordance with your accounting treatment.

18. Will you please provide us with comments on your 1988-89 season? What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1988-89 season? (Please use an additional sheet if necessary.)

_____

_____

_____

_____

Year Round Operations			Summer Season Operations							
Real Estate	Utility[2] Dept.	Misc.[3]	Lift Dept.	Food/Bar Service	Retail Store	Sports Dept.	Accom-modations	Summer Slide	Other	ANNUAL TOTALS
( )	( )	( )	( )	( )	( )	( )	( )	( )		
( )	( )	( )	( )	( )	( )	( )	( )	( )		
( )	( )	( )	( )	( )	( )	( )	( )	( )		
(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
$_____	$_____	$_____		$_____	$_____	$_____	$_____	$_____	$_____	$_____
$_____		$_____		$_____	$_____			$_____	$_____	$_____
$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____[6]
										_____[7]
$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____

Less: Common Expenses:

(A) General and Administrative		$_____
(B) Marketing (Adv.; Pub.; Pro.; P.R.; etc.)		$_____
(C) Insurance:	(1) Property (Fire, Theft, etc.)	$_____
	(2) Liability	$_____
(D) Land use fees	(1) Public Land Lease	$_____
	(2) Private Land Lease	$_____
(E) Taxes (Except Income taxes)		
	(1) Property Taxes	$_____
	(2) Other Taxes	$_____
(F) Snowmaking:	(1) Labor	$_____
	(2) Power/Fuel	$_____
	(3) Maintenance	$_____
	(4) Other (Water, etc.)	$_____
(G) Snow removal		$_____
(H) Miscellaneous		$_____
(I) Depreciation and Amortization		$_____
OPERATING PROFIT (LOSS)		$_____
Less: Interest Expense		$_____
PROFIT (LOSS) Before Income Taxes		$_____

Balance Sheet Information (as of _____ 1989)
(See Definitions 17-25.)

Please make sure total assets equal total liabilities + net worth. Otherwise the data cannot be used.

	(Round to Nearest $1,000) 1989
Assets	
a. Current Assets	$_____
b. Gross Fixed Assets (Undepreciated Cost Excluding Land Held for Resale and Overnight Accommodations)	_____
c. Less Accumulated Depreciation	(_____)
d. Other Assets (Including Land Held for Resale and Overnight Accommodations)	_____
TOTAL ASSETS	$_____*
Liabilities and Net Worth	
e. Current Liabilities	_____
f. Long-Term Debt	
1. Senior Long-Term Debt (Secured by Mortgaged, Chattels, etc.)	_____
2. Subordinated Debt	_____
g. Deferred Taxes	_____
h. Other Liabilities	_____
i. Net Worth	
1. Invested Capital	_____
2. Retained Earnings (Loss)	_____
3. Less Treasury Stock	(_____)
TOTAL LIABILITIES AND NET WORTH	$_____*

***Please make sure that these figures are the same.**

Finally, what comments do you have on the annual economic survey? What would you like to see added or dropped? What suggestions can you make to improve it?

_____

_____

_____

Would you like to receive the report in loose leaf form, 3-hole punched, rather than bound the way it is now?

Thank you for your cooperation.

Please return the questionnaire to:
Business Research Division
University of Colorado at Boulder
Boulder, Colorado 80309-0420

APPENDIX C

DEFINITION OF TERMS

The definitions of terms used throughout the report were developed primarily by the USIA/NSAA Economic Study Committee. Some key definitions are given below, with a brief explanation of how the information is used on the survey and in this report. The numbers to the left are reference numbers used on the Annual Survey.

1. **SEASON:** The inclusive months between the opening and closing of a ski area each year.
2. **FISCAL YEAR:** An accounting period of 12 months, usually indicated by the month in which an area closes its books.
3. **TYPE OF LIFTS:** For the purposes of this study, are categorized as surface, chair, or gondola.
4. **YEAR LIFT FIRST OPERATED:** Year when the lifts were first installed and operated; provides a rough measure of capital investment in the industry over time.
5. **VERTICAL DROP:** The vertical distance from the top to the bottom of the slope for a particular lift.
6. **UPHILL CAPACITY:** The manufacturer's rated number of skiers per hour which a lift can transport to the top of the slope. An area's capacity is the sum of the capacities of its individual lifts.
7. **VTF/HOUR (VERTICAL TRANSPORT FEET PER HOUR):** The *product* of the vertical drop of a lift *and* the lift manufacturer's rated skiers-per-hour capacity.
8. **DAY-SKIER AREA:** Area at which overnight, dining, and after-ski facilities are limited, since the area primarily serves a day-skier market.
9. **WEEKEND-SKIER AREA:** Area which has substantial overnight accommodations and a variety of dining and entertainment, but which primarily serves skiers who stay for a weekend.
10. **VACATION-SKIER AREA:** Area which primarily serves skiers who stay longer than a weekend
11. **WEEKEND-ONLY AREA:** Area which is open only on weekends.
12. **SKIER VISIT:** One person visiting a ski area for all or any part of a day or night for the purpose of skiing. This equals the total number of lift tickets issued. Skier visits include full-day, half-day, night, complimentary, adult, child, season, and any other ticket types that give a skier the use of an area's facilities. Where single rides or coupon books are an important source of revenue, equivalent skier visits are computed from these sources. Each ticket sold for night skiing is included as a skier visit. SKIER VISITS is an actual count and includes season ticket use.

13. **STANDARD METROPOLITAN STATISTICAL AREA (SMSA):** An incorporated area with a nucleus of at least one city of 50,000 inhabitants or more (or "twin cities" with a combined population of at least 50,000).

14. **SLOPE TRANSPORT FEET:** A method for prorating winter-sport uphill facility capacity on the basis of land ownership. Two factors are obtained for each lift, one for each type of land ownership. The factors are computed by *multiplying* the capacity of each lift *times* the slope distance traveled by that lift through each type of ownership (private or U.S. Forest Service). The factors for all the lifts are added for each type of ownership, and the percentage they bear to the total is determined. The resulting percentages reflect, by ownership, the weighted capacity of the lifts.

15. **REVENUE:** The *total* revenue (income) derived from ski area operations, including ski lifts, ski school, cafeteria, ski shop, equipment rentals, accommodations, and real estate; also includes concession income from leased operations.

16. **DIRECT LABOR:** Total employees' salaries and wages.

17. **OTHER DIRECT EXPENSE:** Any other costs directly related to the particular activity (excluding depreciation).

18. **GROSS MARGIN:** The revenue available to cover other expenses after direct expenses have been deducted.

19. **INSURANCE:** Includes both insurance premiums and self-insured losses or deductible losses paid during the twelve-month period.

20. **PROFIT (LOSS) BEFORE INCOME TAX:** Net income derived from all area operations after direct and other expenses have been deducted from total revenue.

21. **CURRENT ASSETS:** Assets (e.g., cash, inventories, prepaid expenses, accounts receivable, and other items) which will convert to cash, in the normal course of business, within one year.

22. **GROSS FIXED ASSETS:** The *total of* the original undepreciated cost (not present value) of improvements and fixtures, *plus* the cost of equipment necessary to generate sales and other income (day buildings, lifts, equipment, investment in trails, parking, etc.), *minus* the cost of equipment disposed. FIXED ASSETS are shown at original cost, including additions, i.e., prior to any allowances for depreciation and/or amortization.

23. **DEPRECIATION:** The *cumulative sum* of depreciation of all gross fixed assets. This total indicates the extent to which an area's assets have been written off; it should not include any depreciation on assets previously disposed of.

24. **OTHER ASSETS:** Any assets other than current or gross fixed assets; includes land held for resale as well as overnight accommodations.

25. **CURRENT LIABILITIES:** Liabilities, such as accounts payable, accrued wages, accrued payroll taxes, and portions of loans or long-term debt due within one year.

26. **LONG-TERM SENIOR DEBT:** Loans, with completion of repayment scheduled more than one year in the future, that are secured by some claim to property or equipment in the event of non-payment.

27. **LONG-TERM SUBORDINATED DEBT:** Loans, with completion of repayment scheduled more than one year in the future, for which the lender has no claim to a specific asset upon liquidation, *and/or* loans subordinated, in terms of priority of payment, to obligations to other creditors.

28. **INVESTED CAPITAL:** The original ownership investment (amount received for stock, partnership, or proprietorship interest) *plus* any new equity funds raised from sources other than earnings.

29. **RETAINED EARNINGS (LOSS):** Cumulative earned surplus or loss from previous annual operations.

Economic Ratios

30. **SKI AREA CAPACITY:** The maximum number of skiers that a given ski area can comfortably support on the slopes, on the lifts, and in the base and mountain warming buildings without overcrowding, *or* the maximum number of skiers a ski area can accommodate at one time while preserving a congenial environment. A ski area's comfortable capacity is some function of VTF/hour, scope of skiing, and difficulty of terrain, as well as a reflection of the various abilities of the skiers. SKI AREA CAPACITY is a judgment. In this report, it is calculated by assuming a specific VTF/hour demand.

31. **OPERATING PROFIT:** Profit (net income) before income tax and interest expenses. Since these two expenses vary according to the capital structure and past operations history, OPERATING PROFIT provides a more precise way of measuring economic variations caused by differences in experience and seasonal fluctuations and allows for the comparison of ski areas with varying capital structures.

32. **UTILIZATION:** Usage measured as a percent of **SEASON CAPACITY**. SEASON CAPACITY is the *product of* a ski area's capacity *and* its days of operation. UTILIZATION compares actual skier visits to a calculated ceiling SEASON CAPACITY.

33. **CAPITAL COST (GFA)/CAPACITY RATIO:** The *ratio of* the cost to construct the ski area *to* its ability to handle skiers. For any given point in time, this ratio is a rough measure of site and design efficiency.

34. **OPERATING COST/CAPACITY RATIO:** The *ratio of* cash operating costs (excluding depreciation and interest) *to* the ceiling season skier capacity (ski area capacity *times* length of season). Note that, since the methods used here in the presentation of the average area's income statement exclude any and all direct operating expenses for supporting departments, these operating expenses are excluded from the ratio. This ratio is a measure of the operating efficiency of a ski area. It is expressed in *dollars per skier visit*, with skier visits based on seasonal capacity.

35. **TOTAL REVENUE PER SKIER VISIT:** The *average* of the gross dollars actually received from ski lift ticket sales to each skier for each visit *plus* the net margin from each supporting activity. This ratio is calculated by *dividing* total revenue *by* actual skier visits.

36. **EQUIVALENT DAYS/NIGHTS OF OPERATION:** A measure of days/nights of operation that weights the count according to the proportion of facilities available. Days/nights when all facilities are open are given full weight, while days/nights when less than all but more than half of the mountain is open and skiable are weighted at 75%, and days/nights when less than half of the mountain is open and skiable are weighted at 25%.

APPENDIX D

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